

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 SEPTEMBER 30, 2023

OR

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

COMMISSION FILE NUMBER: 001-40254

MOVANO INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

82-4233771

(I.R.S. Employer
Identification No.)

6800 Koll Center Parkway, Pleasanton, CA 94566

(Address of principal executive office) (Zip code)

(415) 651-3172

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	MOVE	The Nasdaq Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§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 the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

As of November 10, 2023, there were 50,805,951 shares of our common stock, par value \$0.0001 per share, outstanding.

MOVANO INC.
FORM 10-Q
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

INDEX

	PAGE
<u>PART I – FINANCIAL INFORMATION</u>	1
<u>Item 1. Financial Statements</u>	1
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	21
<u>Item 3. Quantitative and Qualitative Disclosure About Market Risk</u>	26
<u>Item 4. Controls and Procedures</u>	26
<u>PART II – OTHER INFORMATION</u>	28
<u>Item 1. Legal Proceedings</u>	28
<u>Item 1A. Risk Factors</u>	28
<u>Item 2. Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities</u>	28
<u>Item 3. Defaults Upon Senior Securities</u>	28
<u>Item 4. Mine Safety Disclosures</u>	28
<u>Item 5. Other Information</u>	28
<u>Item 6. Exhibits</u>	29
<u>SIGNATURES</u>	30
<u>EXHIBIT INDEX</u>	

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Movano Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)
(Unaudited)

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,669	\$ 10,759
Payroll tax credit, current portion	250	379
Vendor deposits	601	103
Prepaid expenses and other current assets	657	405
Total current assets	9,177	11,646
Property and equipment, net	363	443
Payroll tax credit, noncurrent portion	667	667
Other assets	386	487
Total assets	\$ 10,593	\$ 13,243
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,955	\$ 557
Other current liabilities	3,578	4,421
Total current liabilities	5,533	4,978
Noncurrent liabilities:		
Early exercised stock option liability	47	136
Other noncurrent liabilities	69	214
Total noncurrent liabilities	116	350
Total liabilities	5,649	5,328
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized at September 30, 2023 and December 31, 2022; no shares issued and outstanding at September 30, 2023 and December 31, 2022	—	—
Common stock, \$0.0001 par value, 150,000,000 shares authorized at September 30, 2023 and 75,000,000 at December 31, 2022; 50,805,951 and 33,659,460 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	5	3
Additional paid-in capital	123,361	103,009
Accumulated deficit	(118,422)	(95,097)
Total stockholders' equity	4,944	7,915
Total liabilities and stockholders' equity	\$ 10,593	\$ 13,243

See accompanying notes to condensed consolidated financial statements.

Movano Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
OPERATING EXPENSES:				
Research and development	\$ 5,636	\$ 5,146	\$ 13,701	\$ 13,849
Sales, general and administrative	3,443	3,511	9,965	8,592
Total operating expenses	<u>9,079</u>	<u>8,657</u>	<u>23,666</u>	<u>22,441</u>
Loss from operations	<u>(9,079)</u>	<u>(8,657)</u>	<u>(23,666)</u>	<u>(22,441)</u>
Other income (expense), net:				
Interest and other income, net	117	55	341	39
Other income (expense), net	<u>117</u>	<u>55</u>	<u>341</u>	<u>39</u>
Net loss	<u>\$ (8,962)</u>	<u>\$ (8,602)</u>	<u>\$ (23,325)</u>	<u>\$ (22,402)</u>
Net loss	\$ (8,962)	\$ (8,602)	\$ (23,325)	\$ (22,402)
Other comprehensive income (loss):				
Change in unrealized loss on available-for-sale securities	—	7	—	(3)
Total comprehensive loss	<u>\$ (8,962)</u>	<u>\$ (8,595)</u>	<u>\$ (23,325)</u>	<u>\$ (22,405)</u>
Net loss per share, basic and diluted	<u>\$ (0.18)</u>	<u>\$ (0.26)</u>	<u>\$ (0.53)</u>	<u>\$ (0.68)</u>
Weighted average shares used in computing net loss per share, basic and diluted	<u>50,711,449</u>	<u>32,949,649</u>	<u>43,818,011</u>	<u>32,829,940</u>

See accompanying notes to condensed consolidated financial statements.

Movano Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share data)
(Unaudited)

Three Months Ended September 30, 2022	Common Stock		Additional Paid-In Capital	Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2022	32,818,060	\$ 3	\$ 99,077	\$ (15)	\$ (78,568)	\$ 20,497
Stock-based compensation	—	—	797	—	—	797
Issuance of common stock, net of issuance costs	673,191	—	1,921	—	—	1,921
Issuance of common stock upon exercise of options	1,000	—	—	—	—	—
Vesting of early exercised stock options	—	—	34	—	—	34
Other comprehensive gain	—	—	—	10	—	10
Net loss	—	—	—	—	(8,602)	(8,602)
Balance at September 30, 2022	<u>33,492,251</u>	<u>\$ 3</u>	<u>\$ 101,829</u>	<u>\$ (5)</u>	<u>\$ (87,170)</u>	<u>\$ 14,657</u>
Nine Months Ended September 30, 2022	Common Stock		Additional Paid-In Capital	Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2021	32,772,060	\$ 3	\$ 97,506	\$ (11)	\$ (64,768)	\$ 32,730
Stock-based compensation	—	—	2,273	—	—	2,273
Issuance of common stock, net of issuance costs	673,191	—	1,921	—	—	1,921
Issuance of common stock upon exercise of options	47,000	—	19	—	—	19
Vesting of early exercised stock options	—	—	110	—	—	110
Other comprehensive gain	—	—	—	6	—	6
Net loss	—	—	—	—	(22,402)	(22,402)
Balance at September 30, 2022	<u>33,492,251</u>	<u>\$ 3</u>	<u>\$ 101,829</u>	<u>\$ (5)</u>	<u>\$ (87,170)</u>	<u>\$ 14,657</u>
Three Months Ended September 30, 2023	Common Stock		Additional Paid-In Capital	Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2023	50,646,661	\$ 5	\$ 122,283	\$ —	\$ (109,460)	\$ 12,828
Stock-based compensation	—	—	757	—	—	757
Issuance of common stock	159,290	—	173	—	—	173
Issuance of common stock warrant	—	—	124	—	—	124
Vesting of early exercised stock options	—	—	24	—	—	24
Net loss	—	—	—	—	(8,962)	(8,962)
Balance at September 30, 2023	<u>50,805,951</u>	<u>\$ 5</u>	<u>\$ 123,361</u>	<u>\$ —</u>	<u>\$ (118,422)</u>	<u>\$ 4,944</u>
Nine Months Ended September 30, 2023	Common Stock		Additional Paid-In Capital	Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2022	33,659,460	\$ 3	\$ 103,009	\$ —	\$ (95,097)	\$ 7,915
Stock-based compensation	—	—	2,252	—	—	2,252
Issuance of common stock upon February 2023 public offering, net of issuance costs	5,340,600	1	5,179	—	—	5,180
Issuance of warrants upon February 2023 public offering	—	—	1,473	—	—	1,473
Issuance of common stock upon June 2023 public offering, net of issuance costs	9,200,000	1	8,065	—	—	8,066
Issuance of common stock	2,360,036	—	3,061	—	—	3,061
Issuance of common stock upon exercise of options	245,855	—	109	—	—	109
Issuance of common stock warrant	—	—	124	—	—	124
Vesting of early exercised stock options	—	—	89	—	—	89
Net loss	—	—	—	—	(23,325)	(23,325)

Balance at September 30, 2023	<u>50,805,951</u>	<u>\$ 5</u>	<u>\$ 123,361</u>	<u>\$ —</u>	<u>\$ (118,422)</u>	<u>\$ 4,944</u>
-------------------------------	-------------------	-------------	-------------------	-------------	---------------------	-----------------

See accompanying notes to condensed consolidated financial statements.

Movano Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (23,325)	\$ (22,402)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	118	109
Stock-based compensation	2,252	2,273
Noncash lease expense	(11)	(9)
Accretion of discount on short-term investments	—	101
Loss on disposal of property and equipment	13	44
Changes in operating assets and liabilities:		
Payroll tax credit	129	—
Prepaid expenses, vendor deposits and other current assets	(626)	354
Other assets	(40)	(6)
Accounts payable	1,398	310
Other current and noncurrent liabilities	(836)	636
Net cash used in operating activities	(20,928)	(18,590)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(51)	(84)
Maturities of short-term investments	—	15,004
Net cash provided by (used in) investing activities	(51)	14,920
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock and warrants upon February 2023 public offering, net of issuance costs	6,653	—
Issuance of common stock upon June 2023 public offering, net of issuance costs	8,066	—
Issuance of common stock, net of issuance costs	3,061	1,921
Issuance of common stock upon exercise of stock options	109	19
Net cash provided by financing activities	17,889	1,940
Net decrease in cash and cash equivalents	(3,090)	(1,730)
Cash and cash equivalents at beginning of period	10,759	17,675
Cash and cash equivalents at end of period	\$ 7,669	\$ 15,945
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Vesting of common stock issued upon early exercise	\$ 89	\$ 110
Warrants issued upon February 2023 public offering	\$ 1,473	\$ —
Issuance of common stock warrant	\$ 124	\$ —

See accompanying notes to condensed consolidated financial statements.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

NOTE 1 – BUSINESS ORGANIZATION, NATURE OF OPERATIONS

Movano Inc., dba Movano Health (the “Company”, “Movano”, “Movano Health”, “we”, “us” or “our”) was incorporated in Delaware on January 30, 2018 as Maestro Sensors Inc. and changed its name to Movano Inc. on August 3, 2018. The Company is in the development-stage and is developing a platform to deliver purpose-driven healthcare solutions at the intersection of medical and consumer devices. Movano is on a mission to make medical grade data more accessible and actionable for all.

The Company’s solutions are being developed to provide vital health information, including heart rate, heart rate variability (HRV), sleep, respiration rate, temperature, blood oxygen saturation (SpO₂), steps, and calories as well as glucose and blood pressure data, in a variety of form factors to meet individual style needs and give users actionable feedback to improve their quality of life.

On April 28, 2021, the Company established Movano Ireland Limited, organized under the laws of Ireland, as a wholly owned subsidiary of the Company. Operations and activity at the wholly owned subsidiary were not significant for the nine months ended September 30, 2023 and 2022, respectively.

Since inception, the Company has engaged in only limited research and development of product candidates and underlying technology and the commercialization of our first proposed commercial product, the Evie Ring. As of September 30, 2023, the Company had not yet completed its first product launch and had not yet recorded any revenues.

On February 6, 2023, the Company completed a \$7.5 million underwritten public offering of 5,340,600 shares of its common stock and warrants to purchase up to 2,670,300 shares of common stock, including the full exercise of the underwriter’s overallotment option. The warrants were offered at the rate of one warrant for every two shares of purchased common stock and are exercisable at a price per share of \$1.57. The public offering price per share, before the underwriters’ discount and commissions, for each share of common stock and accompanying warrant was \$1.40. The net proceeds from the offering were approximately \$6.7 million (See Note 8).

On June 15, 2023, the Company completed a \$9.2 million underwritten public offering of 9,200,000 shares of its common stock, including the full exercise of the underwriter’s overallotment option. The public offering price per share, before the underwriters’ discount and commissions, for each share of common stock was \$1.00. The net proceeds from the offering were approximately \$8.1 million (See Note 8).

The Company has incurred losses from operations and has generated negative cash flows from operating activities since inception. The Company expects to continue to incur net losses for the foreseeable future as it continues the development of its technology. The Company’s ultimate success depends on the outcome of its research and development and commercialization activities, for which it expects to incur additional losses in the future. Through September 30, 2023, the Company has relied primarily on the proceeds from equity offerings to finance its operations. The Company expects to require additional financing to fund its future planned operations, including research and development and commercialization of its products. The Company will likely raise additional capital through the issuance of equity, borrowings, or strategic alliances with partner companies. However, if such financing is not available at adequate levels, the Company would need to reevaluate its operating plans.

Liquidity and Going Concern

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred significant losses and has an accumulated deficit of \$118.4 million as of September 30, 2023. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales. The Company’s existence is dependent upon management’s ability to obtain additional funding sources. These circumstances raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that these financial statements are issued.

Adequate additional financing may not be available to the Company on acceptable terms, or at all. If the Company is unable to raise additional capital and/or enter into strategic alliances when needed or on attractive terms, it would be forced to delay, reduce, or eliminate its product or any commercialization efforts. There can be no assurance that the Company’s efforts will result in the resolution of the Company’s liquidity needs. The accompanying condensed consolidated financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary and have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. The unaudited condensed consolidated financial statements have been prepared on the same basis as the annual financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation. Intercompany transactions are eliminated in the condensed consolidated financial statements. These financial statements should be read in conjunction with the audited financial statements and notes thereto for the preceding fiscal year contained in the Company's Annual Report on Form 10-K filed on March 30, 2023 with the United States Securities and Exchange Commission (the "SEC").

The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023. The condensed consolidated balance sheet as of December 31, 2022 has been derived from audited financial statements at that date but does not include all the information required by GAAP for complete financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting periods.

Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to, the accrual of research and development expenses, the valuation of common stock, stock options and warrants, and income taxes. Estimates are periodically reviewed considering changes in circumstances, facts, and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates or assumptions.

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one segment. The Company's chief operating decision maker is the Chief Executive Officer.

Cash, Cash Equivalents and Short-term Investments

The Company invests its excess cash primarily in money market funds, commercial paper and short-term debt securities. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of September 30, 2023 and December 31, 2022, the Company did not hold any short-term investments.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

Concentrations of Credit Risk and Off-Balance Sheet Risk

Cash and cash equivalents are financial instruments that are potentially subject to concentrations of credit risk. Substantially all cash and cash equivalents are held in United States financial institutions. Cash equivalents consist of interest-bearing money market accounts. The amounts deposited in the money market accounts exceed federally insured limits. Further, the Company has amounts in excess of federally insured limits as of September 30, 2023 at one financial institution that totaled approximately \$0.2 million. The Company has not experienced any losses related to this account and believes the associated credit risk to be minimal due to the financial condition of the depository institutions in which those deposits are held.

The Company is dependent on third-party manufacturers to supply products for research and development activities. These programs could be adversely affected by a significant interruption in the supply of such materials.

The Company has no financial instruments with off-balance sheet risk of loss.

Warrants

Warrants are accounted for as either equity-classified or liability-classified instructions based on an assessment of the warrant's specific terms and applicable authoritative guidance. The assessment considers whether the warrants are freestanding financing instruments and met the definition of a derivative or a liability and whether the warrants meet all the requirements for equity classification. The assessment, which requires the use of professional judgement, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding. If the warrant does meet the characteristics of a liability or a derivative, the warrant is measured at fair value. The derivative liabilities are remeasured at each period end, on a recurring basis, to the estimated fair value with the changes in fair value reflected as current period income or loss until the warrant is exercised, extinguished, or expires. If the warrant does not meet the characteristics of a liability or a derivative, the warrant is classified as equity and recorded at its fair value on the date of issuance. The fair value is estimated using the Black-Scholes option pricing model or the Monte Carlo methodology which contain estimates and assumptions that require careful consideration and judgment.

Stock-Based Compensation

The Company measures equity classified stock-based awards granted to employees, directors, and nonemployees based on the estimated fair value on the date of grant and recognizes compensation expense of those awards on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model. This valuation model for stock-based compensation expense requires the Company to make assumptions and judgments about the variables used in the calculation including the expected term, the volatility of the Company's common stock, and an assumed risk-free interest rate. The Company accounts for forfeitures as they occur.

Early Exercised Stock Option Liability

Upon the early exercise of stock options by employees, the Company records as a liability the purchase price of unvested common stock that the Company has a right to repurchase if and when the employment of the stockholder terminates before the end of the requisite service period. The proceeds originally recorded as a liability are reclassified to additional paid-in capital as the Company's repurchase right lapses.

Leases

The Company determines if an arrangement is a lease or implicitly contains a lease at inception based on the lease definition, and if the lease is classified as an operating lease or finance lease in accordance with Accounting Standards Codification 842, Leases ("ASC 842"). Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the Company's condensed consolidated balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term. Lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date for existing leases based on the present value of lease payments over the lease term using an estimated discount rate.

For leases which do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments over a similar term. In determining the estimated incremental borrowing rate, the Company considers relevant banking rates and the Company's costs incurred for underwriting discounts and financing costs in its previous equity financings. The ROU assets also include any lease payments made and exclude lease incentives. For operating leases, lease expense is recognized on a straight-line basis over the lease term. Lease and non-lease components within a contract are generally accounted for separately. Short-term leases of twelve months or less, if any, are expensed as incurred which approximates the straight-line basis due to the short-term nature of the leases.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial statement and tax basis of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. As the Company maintained a full valuation allowance against its deferred tax assets, the changes resulted in no provision or benefit from income taxes during the three and nine months ended September 30, 2023 and 2022.

The Company accounts for unrecognized tax benefits using a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. The Company establishes a liability for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. The Company records an income tax liability, if any, for the difference between the benefit recognized and measured and the tax position taken or expected to be taken on the Company's tax returns. To the extent that the assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. The liability is adjusted considering changing facts and circumstances, such as the outcome of a tax audit. The provision for income taxes includes the impact of liability provisions and changes to the liability that are considered appropriate. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

For interim periods, the Company estimates its annual effective income tax rate and applies the estimated rate to the year-to-date income or loss before income taxes. The Company computes the tax provision or benefit related to items reported separately and recognizes the items net of their related tax effect in the interim periods in which they occur. The Company recognizes the effect of changes in enacted tax laws or rates in the interim periods in which the changes occur.

Net Loss per Share

Basic net loss per share is calculated by dividing the net loss by the weighted average number of shares of common stock outstanding during the period, without consideration for common stock equivalents. Diluted net loss per share is the same as basic net loss per share, since the effects of potentially dilutive securities are antidilutive.

Recently Adopted Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2020-06, Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40) — Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The amendments in this update reduce the number of accounting models for convertible debt instruments and convertible preferred stock, resulting in fewer embedded conversion features being recognized separately from their host contracts. The pronouncement also revises the derivatives scope exception for contracts in an entity's own equity and improves the consistency of earnings per share calculations as that relates to convertible instruments. The Company has early-adopted this pronouncement as of January 1, 2023 using the modified retrospective method of transition. The adoption did not have any impact on the Company's condensed consolidated financials.

NOTE 3 – FAIR VALUE MEASUREMENTS

Financial assets and liabilities are recorded at fair value. The Company uses a three-level hierarchy, which prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. Fair value focuses on an exit price and is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risk associated with investing in those financial instruments.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 – Significant unobservable inputs that cannot be corroborated by market data.

The Company measures its cash equivalents at fair value. The Company classifies its cash equivalents within Level 1 or Level 2 because the Company values these investments using quoted market prices or alternative pricing sources and models utilizing market observable inputs. The fair value of the Company's Level 1 financial assets is based on quoted market prices of the identical underlying security. The fair value of the Company's Level 2 financial assets is based on inputs that are directly or indirectly observable in the market, including the readily-available pricing sources for the identical underlying security that may not be actively traded.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts of prepaid expenses, payroll tax credit, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments.

The following tables provide a summary of the assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022 (in thousands):

Fair Value Measurements

	September 30, 2023			
	Fair Value	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 7,090	\$ 7,090	\$ —	\$ —
Total cash equivalents	<u>\$ 7,090</u>	<u>\$ 7,090</u>	<u>\$ —</u>	<u>\$ —</u>
	December 31, 2022			
	Fair Value	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 8,171	\$ 8,171	\$ —	\$ —
Total cash equivalents	<u>\$ 8,171</u>	<u>\$ 8,171</u>	<u>\$ —</u>	<u>\$ —</u>

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Cash and cash equivalents:		
Cash	\$ 579	\$ 2,588
Money market funds	7,090	8,171
Total cash and cash equivalents	\$ 7,669	\$ 10,759

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment, net, as of September 30, 2023 and December 31, 2022, consisted of the following (in thousands):

	September 30, 2023	December 31, 2022
Office equipment and furniture	\$ 274	\$ 263
Software	144	131
Test equipment	291	277
Total property and equipment	709	671
Less: accumulated depreciation	(346)	(228)
Total property and equipment, net	\$ 363	\$ 443

Total depreciation and amortization expense related to property and equipment for the three and nine months ended September 30, 2023 was approximately \$40,000 and \$118,000, respectively. Total depreciation and amortization expense related to property and equipment for the three and nine months ended September 30, 2022 was approximately \$36,000 and \$109,000, respectively.

NOTE 6 – OTHER CURRENT LIABILITIES

Other current liabilities as of September 30, 2023 and December 31, 2022 consisted of the following (in thousands):

	September 30, 2023	December 31, 2022
Accrued compensation	\$ 1,809	\$ 2,708
Accrued research and development	833	536
Accrued vacation	323	243
Accrued severance payment	61	517
Accrued sales and marketing	134	—
Lease liabilities, current portion	204	212
Other	214	205
	\$ 3,578	\$ 4,421

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

NOTE 7 – REDEEMABLE CONVERTIBLE PREFERRED STOCK

On March 24, 2021, the Company's Third Amended and Restated Certificate of Incorporation was filed with the Delaware Secretary of State which (i) eliminated the Company's Series A and Series B preferred stock, (ii) increased the authorized number of shares of common stock to 75,000,000 and (iii) authorized 5,000,000 shares of preferred stock at par value of \$0.0001 per share. The significant rights and preferences of the preferred stock will be established by the Company's Board of Directors (the "Board") upon issuance of any such series of preferred stock in the future.

On June 21, 2023, the Company filed a Certificate of Amendment to its Third Amended and Restated Certificate of Incorporation with the Delaware Secretary of State which (i) increased the authorized number of shares of common stock to 150,000,000 and (ii) authorized 5,000,000 shares of preferred stock at a par value of \$0.0001 per share, for a total of 155,000,000 authorized shares.

NOTE 8 – COMMON STOCK

As of September 30, 2023 and December 31, 2022, the Company was authorized to issue 150,000,000 and 75,000,000 shares of common stock, respectively, with a par value of \$0.0001 per share. As of September 30, 2023 and December 31, 2022, 50,805,951 and 33,659,460 shares were outstanding, respectively.

January and February 2023 Issuance of Common Stock

On February 6, 2023, the Company completed a \$7.5 million underwritten public offering of 5,340,600 shares of its common stock and warrants to purchase up to 2,670,300 shares of common stock, including the full exercise of the underwriter's overallotment option. The warrants were offered at the rate of one warrant for every two shares of purchased common stock and are exercisable at a price per share of \$1.57 (See Note 9). The public offering price per share, before the underwriters' discount and commissions, for each share of common stock and accompanying warrant was \$1.40. The Company used the relative fair value method to allocate the gross proceeds of approximately \$7.5 million between the common stock and the warrants. The net proceeds from the offering were approximately \$6.7 million after the deduction of underwriting discounts, commissions and other offering expenses that were approximately \$0.8 million. The Company recorded the fair value of the warrants of \$1.5 million as additional costs of issuance, thus reducing the net proceeds of \$6.7 million to \$5.2 million as presented in the accompanying condensed consolidated statements of stockholders' equity.

June 2023 Issuance of Common Stock

On June 15, 2023, the Company completed a \$9.2 million underwritten public offering of 9,200,000 shares of its common stock, including the full exercise of the underwriter's overallotment option. The public offering price per share, before the underwriters' discount and commissions, for each share of common stock and accompanying warrant was \$1.00. The net proceeds from the offering were approximately \$8.1 million after the deduction of underwriting discounts, commissions and other offering expenses that were approximately \$1.1 million.

At-the-Market Issuance of Common Stock

On August 15, 2022, the Company entered into an At-the-Market Issuance Agreement (the "Issuance Agreement") with B. Riley Securities, Inc. (the "Sales Agent"). Pursuant to the terms of the Issuance Agreement, the Company may sell from time to time through the Sales Agent shares of the Company's common stock having an aggregate offering price of up to \$50,000,000 (the "Shares"). Sales of Shares, if any, may be made by means of transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act, including block trades, ordinary brokers' transactions on the Nasdaq Capital Market or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices or by any other method permitted by law.

Under the terms of the Issuance Agreement, the Company may also sell Shares to the Sales Agent as principal for its own accounts at a price to be agreed upon at the time of sale. Any sale of Shares to the Sales Agent as principal would be pursuant to the terms of a separate terms agreement between the Company and the Sales Agent.

The Company has no obligation to sell any of the Shares under the Issuance Agreement and may at any time suspend solicitation and offers under the Issuance Agreement.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

During the nine months ended September 30, 2023, the Company issued and sold an aggregate of 2,360,036 shares of common stock through the Issuance Agreement at a weighted-average public offering price of \$1.34 per share and received net proceeds of \$3.1 million. As of September 30, 2023, an aggregate offering price amount of approximately \$44.5 million remains available to be issued and sold under the Issuance Agreement.

Common Stock Reserved for Future Issuance

Common stock reserved for future issuance at September 30, 2023 is summarized as follows:

	September 30, 2023
Warrants to purchase common stock	4,757,256
Stock options outstanding	7,829,066
Stock options available for future grants	5,556,038
Total	18,142,360

Early Exercised Stock Option Liability

During the three and nine months ended September 30, 2023 and 2022, no shares were issued upon the early exercise of common stock options. The Exercise Notice (Early Exercise) Agreement states that the Company has the option to repurchase all or a portion of the unvested shares in the event of the separation of the holder from service to the Company. The shares continue to vest in accordance with the original vesting schedules of the former option agreements.

As of September 30, 2023 and December 31, 2022, the Company has recorded a repurchase liability for approximately \$47,000 and \$136,000 for 87,501 and 266,147 shares that remain unvested, respectively. The weighted average remaining vesting period is less than one year.

NOTE 9 – COMMON STOCK WARRANTS

During February 2023, the Board approved the amendment of 293,042 Preferred A Placement Warrants to extend the maturity date by six months for each warrant and to remove the cashless exercise provision in the warrant agreements. The amended maturity dates for 234,197 and 58,845 Preferred A Placement Warrants were in September 2023 and October 2023, respectively. The Company assessed the accounting treatment of the warrant amendments and determined that the amendments are modifications for accounting purposes. The Company determined the modifications had an insignificant impact on the condensed consolidated financial statements.

During March 2023, the Preferred A Lead Investor Warrants for 52,500 shares of common stock expired.

During September 2023, the Board approved an additional amendment of 234,197 Preferred A Placement Warrants to extend the maturity date from September 2023 to October 2023 for each warrant. The Company assessed the accounting treatment of the warrant amendment and determined that the amendment is a modification for accounting purposes. The Company determined the modification had an insignificant impact on the condensed consolidated financial statements.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

January and February 2023 Warrants

In connection with the sale of common stock during January and February 2023, the Company issued warrants to purchase shares of common stock to common stockholders and to the underwriter for 2,322,000 and 348,300 shares, respectively. The warrants are exercisable upon issuance at \$1.57 per share and have a 5-year term.

Beginning with the one-year anniversary of the issuance dates, the Company may redeem the outstanding warrants in whole or in part at \$0.25 per warrant at any time after the date on which (i) the closing price of the Company's common stock has equaled or exceeded \$4.87 for ten consecutive trading days and (ii) the daily trading volume of the Company's common stock has exceeded 100,000 shares on each of ten trading days. A minimum of thirty days prior written notice of redemption is required.

August 2023 Warrants

In August 2023, the Company issued warrants to purchase 201,613 shares of common stock to a third-party professional services firm.

The following is a summary of the Company's warrant activity for the nine months ended September 30, 2022:

Warrant Issuance	Issuance	Exercise Price	Outstanding, December 31, 2021	Granted	Exercised	Canceled/ Expired	Variable Settlement Provision Adjustment	Outstanding, September 30, 2022	Expiration
Preferred A Placement Warrants	March and April 2018 and August 2019	\$ 1.40	293,042	—	—	—	—	293,042	March and April 2023
Preferred A Lead Investor Warrants	February 2021	\$ 0.0125	52,500	—	—	—	—	52,500	March 2023
Preferred B Placement Warrants	April 2019	\$ 2.10	463,798	—	—	—	—	463,798	April 2024
Convertible Notes Placement Warrants	August 2020	\$ 2.57	171,830	—	—	—	—	171,830	August 2025
Underwriter Warrants	March 2021	\$ 6.00	956,973	—	—	—	—	956,973	March 2026
			<u>1,938,143</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,938,143</u>	

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

The following is a summary of the Company's warrant activity for the nine months ended September 30, 2023:

Warrant Issuance	Issuance	Exercise Price	Outstanding, December 31, 2022	Granted	Exercised	Canceled/ Expired	Variable Settlement Provision Adjustment	Outstanding, September 30, 2023	Expiration
Preferred A Placement Warrants	March and April 2018 and August 2019	\$ 1.40	293,042	—	—	—	—	293,042	October 2023
Preferred A Lead Investor Warrants	February 2021	\$ 0.0125	52,500	—	—	(52,500)	—	—	March 2023
Preferred B Placement Warrants	April 2019	\$ 2.10	463,798	—	—	—	—	463,798	April 2024
Convertible Notes Placement Warrants	August 2020	\$ 2.57	171,830	—	—	—	—	171,830	August 2025
Underwriter Warrants	March 2021	\$ 6.00	956,973	—	—	—	—	956,973	March 2026
January 2023 warrants	January 2023	\$ 1.57	—	2,322,000	—	—	—	2,322,000	January 2028
February 2023 warrants	February 2023	\$ 1.57	—	348,000	—	—	—	348,000	February 2028
August 2023 warrants	August 2023	\$ 1.24	—	201,613	—	—	—	201,613	August 2028
			<u>1,938,143</u>	<u>2,871,613</u>	<u>—</u>	<u>(52,500)</u>	<u>—</u>	<u>4,757,256</u>	

Warrants Classified as Equity

All of the Company's outstanding warrants are classified as equity instruments since they do not meet the characteristics of a liability or a derivative and are recorded at fair value on the date of issuance.

January and February 2023 Warrants

The warrants are classified as an equity instrument because they are both indexed to the Company's own stock and classified in stockholders' equity. The fair value of the warrants was estimated using a Monte Carlo simulation approach. Subsequent changes in fair value are not recognized as long as the warrants continue to be classified in equity. The fair value at the issuance date was calculated utilizing the Monte Carlo univariate pricing model, which simulates a distribution of stock prices for Movano throughout the remaining performance period, based on certain assumptions of stock price behavior.

The following major assumptions were used: (1) the stock price of the Company follows a geometric Brownian motion; (2) the daily stock price for the Company is simulated until the termination date using a volatility estimate based on term-match daily stock price returns of peer companies; and (3) the valuation is done under a risk-neutral framework using the term-matched zero-coupon risk-free interest rate.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

The major inputs were:

	Issuance Date
Dividend yield	0%
Expected volatility	60.83%
Risk-free interest rate	3.54%
Expected life	5.0 years
Valuation date common stock price	\$ 1.39

The fair value of the January and February 2023 warrants at the issuance date is approximately \$1.5 million.

August 2023 Warrants

The warrants are classified as equity instruments since they do not meet the characteristics of a liability or a derivative and are recorded at fair value on the date of issuance using the Black-Scholes option pricing model with the following assumptions. The fair value as determined at the issuance date is recorded as a debit to prepaid expenses and other current assets in the condensed consolidated balance sheet. The assumptions used to calculate the fair value at issuance are as follows for the warrants issued during the three months ended September 30, 2023. There were no warrants issued during the three months ended September 30, 2022.

The major inputs were:

	Issuance Date
Dividend yield	0%
Expected volatility	57.06%
Risk-free interest rate	4.42%
Expected life	5.0 years
Valuation date common stock price	\$ 1.24

The fair value of August 2023 warrants at the issuance date is approximately \$0.1 million.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

NOTE 10 – STOCK-BASED COMPENSATION

2019 Equity Incentive Plan

Effective as of November 18, 2019, the Company adopted the 2019 Omnibus Incentive Plan (“2019 Plan”) administered by the Board. The 2019 Plan provides for the issuance of incentive stock options, non-statutory stock options, and restricted stock awards, for the purchase of up to a total of 4,000,000 shares of the Company’s common stock to employees, directors, and consultants and replaces the previous plan. The Board or a committee of the Board has the authority to determine the amount, type, and terms of each award. The options granted under the 2019 Plan generally have a contractual term of ten years and a vesting term of four years with a one-year cliff. The exercise price for options granted under the 2019 Plan must generally be at least equal to 100% of the fair value of the Company’s common stock at the date of grant, as determined by the Board. The incentive stock options granted under the 2019 Plan to 10% or greater stockholders must have an exercise price at least equal to 110% of the fair value of the Company’s common stock at the date of grant, as determined by the Board, and have a contractual term of ten years. Subsequent amendments to the 2019 Plan increased the aggregate number of shares of common stock that may be issued pursuant to the 2019 Plan to 13,400,000.

As of September 30, 2023, the Company had 4,240,204 shares available for future grant pursuant to the 2019 Plan.

2021 Employment Inducement Plan

On September 15, 2021 the Company’s Board adopted the Movano, Inc. 2021 Inducement Award Plan (the “Inducement Plan”) without stockholder approval pursuant to Rule 5635(c)(4) of the Nasdaq Stock Market LLC listing rules (“Rule 5635(c)(4)”). In accordance with Rule 5635(c)(4), awards under the Inducement Plan may only be made to a newly hired employee who has not previously been a member of the Company’s Board, or an employee who is being rehired following a bona fide period of non-employment by the Company or a subsidiary, as a material inducement to the employee’s entering into employment with the Company or its subsidiary. An aggregate of 2,000,000 shares of the Company’s common stock have been reserved for issuance under the Inducement Plan.

As of September 30, 2023, the Company had 1,315,834 shares available for future grant under the Inducement Plan.

Stock Options

Stock option activity for the nine months ended September 30, 2023 was as follows (in thousands, except share, per share, and remaining life data):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life	Intrinsic Value
Outstanding at December 31, 2022	6,919,894	\$ 2.34	8.2 years	\$ 2,034
Granted	1,535,375	\$ 1.25		
Exercised	(245,855)	\$ 0.44		
Cancelled	(380,348)	\$ 3.21		
Outstanding at September 30, 2023	<u>7,829,066</u>	<u>\$ 2.16</u>	<u>7.8 years</u>	<u>\$ 1,390</u>
Exercisable as of September 30, 2023	<u>4,968,590</u>	<u>\$ 1.89</u>	<u>7.4 years</u>	<u>\$ 1,327</u>
Vested and expected to vest as of September 30, 2023	<u>7,778,866</u>	<u>\$ 2.17</u>	<u>7.8 years</u>	<u>\$ 1,354</u>

The weighted-average grant date fair value of options granted during the nine months ended September 30, 2023 and 2022, was \$0.75 and \$1.51, respectively. During the nine months ended September 30, 2023 and 2022, 245,855 and 47,000 options were exercised for proceeds of \$109,000 and \$19,000, respectively. The fair value of the 1,384,174 and 1,370,977 options that vested during the nine months ended September 30, 2023 and 2022 was approximately \$2.2 million and \$2.9 million, respectively.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

On June 21, 2022, the Company granted an award of 100,000 options to the Company's founder at an exercise price of \$5.00 per share. The options would have vested in full upon the shipment of 20,000 product units on or before June 30, 2023. For the nine months ended September 30, 2023, the Company has not recognized stock compensation expense of approximately \$100,000 related to this award as the successful achievement of the performance condition was not probable, and the award has been cancelled.

The Company estimated the fair value of stock options using the Black-Scholes option pricing model. The fair value of the stock options was estimated using the following weighted average assumptions for the nine months ended September 30, 2023 and 2022.

	Nine Months Ended September 30,	
	2023	2022
Dividend yield	—%	—%
Expected volatility	61.88%	61.91%
Risk-free interest rate	3.73%	2.63%
Expected life	5.97 years	6.07 years

Dividend Rate—The expected dividend rate was assumed to be zero, as the Company had not previously paid dividends on common stock and has no current plans to do so.

Expected Volatility—The expected volatility was derived from the historical stock volatilities of several public companies within the Company's industry that the Company considers to be comparable to the business over a period equivalent to the expected term of the stock option grants.

Risk-Free Interest Rate—The risk-free interest rate is based on the interest yield in effect at the date of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the option's expected term.

Expected Term—The expected term represents the period that the Company's stock options are expected to be outstanding. The expected term of option grants that are considered to be "plain vanilla" are determined using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options. For other option grants not considered to be "plain vanilla," the Company determined the expected term to be the contractual life of the options.

Forfeiture Rate—The Company recognizes forfeitures when they occur.

The Company has recorded stock-based compensation expense for the three and nine months ended September 30, 2023 and 2022 related to the issuance of stock option awards to employees and nonemployees in the condensed consolidated statement of operations and comprehensive loss as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Research and development	\$ 228	\$ 295	\$ 678	\$ 901
Sales, general and administrative	529	502	1,574	1,372
	<u>\$ 757</u>	<u>\$ 797</u>	<u>\$ 2,252</u>	<u>\$ 2,273</u>

As of September 30, 2023, unamortized compensation expense related to unvested stock options (excluding the performance award previously described above) was approximately \$5.3 million, which is expected to be recognized over a weighted average period of 2.2 years.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Operating Leases

As of September 30, 2023, the Company had one office lease for the corporate headquarters and laboratory space.

On April 15, 2021, the Company executed a lease agreement for corporate office space. The lease commenced on May 14, 2021 when the improvements were completed by the landlord and the Company had access to the facility. The lease term is 40 months, and the base rent is approximately \$14,000 per month for the first twelve months, with subsequent escalation provisions for future months. The Company paid a security deposit of approximately \$47,000.

On April 22, 2022, the Company executed an amendment to its corporate office lease agreement for additional corporate office space. The lease term for the additional space is 36 months from the expansion commencement date of June 23, 2022. The base rent is approximately \$5,100 per month for the first twelve months, with subsequent escalation provisions for future months. The Company paid an additional security deposit of approximately \$5,500.

The balances of the operating lease related accounts as of September 30, 2023 and December 31, 2022 are as follows (in thousands):

Operating leases	As of September 30, 2023	As of December 31, 2022
Right-of-use assets	\$ 248	\$ 389
Operating lease liabilities - Short-term	\$ 204	\$ 212
Operating lease liabilities - Long-term	\$ 69	\$ 214

The components of lease expense and supplemental cash flow information as of and for the three and nine months ended September 30, 2023 and 2022 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Lease Cost:				
Operating lease cost	\$ 65	\$ 69	\$ 193	\$ 163
Other Information:				
Cash paid for amounts included in the measurement of lease liabilities for the year ended	\$ 61	\$ 59	\$ 180	\$ 149
Weighted average remaining lease term - operating leases (in years)	1.2	2.2	1.2	2.2
Average discount rate - operating lease	10.00%	10.00%	10.00%	10.00%

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

Future minimum lease payments for the operating lease are as follows as of September 30, 2023 (in thousands):

2023	\$	61
2024		203
2025		28
Total lease payments		292
Less: Interest		(19)
Total operating lease liability	\$	273

Litigation

From time to time, the Company may become involved in various litigation and administrative proceedings relating to claims arising from its operations in the normal course of business. Management is not currently aware of any matters that may have a material adverse impact on the Company’s business, financial position, results of operations or cash flows.

Indemnification

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent or other intellectual property infringement claim by any third party with respect to its technology. The term of these indemnification agreements is generally perpetual after the execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these agreements is not determinable because it involves claims that may be made against the Company in the future, but have not yet been made. The Company has not incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

The Company has entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct of the individual.

No amounts associated with such indemnifications have been recorded as of September 30, 2023.

Non-cancelable Obligations

The Company also had approximately \$10,000 of non-cancelable contractual commitments as of September 30, 2023, primarily related to its vendor arrangements. These commitments are generally due within one to three months.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2023 and 2022
(Unaudited)

NOTE 12 – NET LOSS PER SHARE

The following table provides the computation of the basic and diluted net loss per share during the three and nine months ended September 30, 2023 and 2022 (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net loss	\$ (8,962)	\$ (8,602)	\$ (23,325)	\$ (22,402)
Denominator:				
Weighted average shares used in computing net loss per share, basic and diluted	50,711,449	32,949,649	43,818,011	32,829,940
Net loss per share, basic and diluted	\$ (0.18)	\$ (0.26)	\$ (0.53)	\$ (0.68)

The potential shares of common stock that were excluded from the computation of diluted net loss per share for the nine months ended September 30, 2023 and 2022 because including them would have been antidilutive are as follows:

	Nine Months Ended September 30,	
	2023	2022
Shares subject to options to purchase common stock	7,778,866	7,834,771
Shares subject to warrants to purchase common stock	4,757,256	1,938,143
Total	12,536,122	9,772,914

For the three and nine months ended September 30, 2023, performance-based option awards for 50,200 shares of common stock are not included in the table above or considered in the calculation of diluted earnings per share because the performance conditions of the option award are not considered probable by the Company. For the three and nine months ended September 30, 2022, performance-based option awards for 150,200 shares of common stock are not included in the table above or considered in the calculation of diluted earnings per share because the performance conditions of the option award are not considered probable by the Company.

NOTE 13 – SUBSEQUENT EVENTS

During November 2023, the Board authorized the Company to undertake a public offering of the Company's common stock in a firm commitment underwritten public offering up to the amount available under the Company's shelf registration statement in common stock with the number of shares of common stock to be sold, the price at which such shares are sold and other terms to be determined by the designated and authorized pricing committee.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the “safe harbor” created by those sections. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of forward-looking terms such as “believe,” “expect,” “may,” “will,” “should,” “would,” “could,” “seek,” “intend,” “plan,” “goal,” “project,” “estimate,” “anticipate,” “strategy,” “future”, “likely” or other comparable terms and references to future periods. All statements other than statements of historical facts included in this Form 10-Q regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. Examples of forward-looking statements include, among others, statements we make regarding expectations for revenues, cash flows and financial performance, the anticipated results of our development efforts, product features and the timing for receipt of required regulatory approvals and product launches.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- our limited operating history and our ability to achieve profitability;
- our ability to continue as a going concern and our need for and ability to obtain additional capital in the future;
- our ability to demonstrate the feasibility of and develop products and their underlying technologies;
- the impact of competitive or alternative products, technologies and pricing;
- our ability to attract and retain highly qualified personnel;
- our dependence on consultants to assist in the development of our technologies;
- our ability to manage the growth of our Company and to realize the benefits from any acquisitions or strategic alliances we may enter in the future;
- the impact of macroeconomic and geopolitical conditions, including increases in prices caused by rising inflation;
- our dependence on the successful commercialization of the Evie Ring;
- our dependence on third parties to design, manufacture, market and distribute our proposed products;
- the adequacy of protections afforded to us by the patents that we own and the success we may have in, and the cost to us of, maintaining, enforcing and defending those patents;
- our ability to obtain, expand and maintain patent protection in the future, and to protect our non-patented intellectual property;
- the impact of any claims of intellectual property infringement, trade secret misappropriation, product liability, product recalls or other claims;

- our need to secure required FCC, FDA and other regulatory approvals from governmental authorities in United States;
- the impact of healthcare regulations and reform measures;
- the accuracy of our estimates of market size for our products;
- our ability to implement and maintain effective control over financial reporting and disclosure controls and procedures;
- our success at managing the risks involved in the foregoing items.

The risks included above are not exhaustive. Other important risks and uncertainties are described in the Risk Factors and in Management’s Discussion and Analysis of Financial Condition and Results of Operations sections of our Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 Form 10-K”) and subsequently filed Quarterly Reports on Form 10-Q. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Overview

Movano is developing a platform to deliver purpose-driven healthcare solutions to bring medical-grade, high-quality data to the forefront of consumer health devices.

Our initial commercial product in development is the Evie Ring, which is a wearable designed specifically for women. The Evie Ring combines health and wellness metrics to give a full picture of one’s health, which we expect to include resting heart rate, heart rate variability (“HRV”), blood oxygen saturation (“SpO₂”), respiration rate, skin temperature variability, period and ovulation tracking, menstrual symptom tracking, activity profile, including steps, active minutes and calories burned, sleep stages and duration, and mood tracking. The device will provide women and their network of caregivers with continuous health data distilled down to simple, yet meaningful, insights to help them make manageable lifestyle changes and take a more proactive approach that could mitigate the risks of chronic disease.

We expect to initially launch the Evie Ring as a general wellness device without any FDA premarket clearances, but plan to seek FDA clearances on its vital signs monitoring capabilities which would make it one of the first consumer wearables that offers an FDA cleared device and not only software for medical use. In July of 2023, we filed our first 510(k) submission to the FDA for the Evie Ring’s pulse oximeter to monitor heart and SpO₂ data, following a successful pivotal hypoxia trial during the fourth quarter of 2022. The submission has been reviewed with the FDA, and we are corresponding with the FDA to address the review commentary. The FDA clearance of these metrics would ensure confidence of the Evie Ring’s vital signs monitoring capabilities and could make the device attractive for doctors and in clinical trials for patient monitoring.

In addition to the Evie Ring, we are developing the smallest ever patented and proprietary System-on-a-Chip (“SoC”) designed specifically for blood pressure or continuous glucose monitoring (“CGM”) systems. We built the integrated sensor from the ground up with multiple antennas and a variety of frequencies to achieve an unprecedented level of precision in health monitoring. We are currently conducting clinical trials with the SoC and developing algorithms that, if successful, will enable us to develop wearables that can monitor glucose non-invasively and blood pressure without a cuff. Our end goal is to bring a Class II FDA-cleared device to the market that includes CGM and cuffless blood pressure monitoring capabilities. Over time, our technology could also enable the measurement and continuous monitoring of other health data.

Financial Operations Overview

We are a development stage company with a limited operating history. To date, we have invested substantially all of our efforts and financial resources into (i) the research and development of the products we are developing, including conducting clinical studies and related sales, general and administrative costs, and (ii) the commercialization of our first proposed commercial product, the Evie Ring. To date, we have funded our operations primarily from the sale of our equity securities.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions for the reported amounts of assets, liabilities, revenues, expenses, and related disclosures. Our estimates are based on our historical experience and on various other factors that we believe are 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 from these estimates under different assumptions or conditions and any such differences may be material. There have been no material changes in our critical accounting policies and estimates during the three and nine months ended September 30, 2023, as compared to those disclosed in the 2022 Form 10-K.

Results of Operations

Three and nine months ended September 30, 2023 and 2022

Our condensed consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022 as discussed herein are presented below.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
	(in thousands, except share and per share data)				(in thousands, except share and per share data)			
OPERATING EXPENSES:								
Research and development	\$5,636	\$5,146	\$490	10%	\$13,701	\$13,849	\$(148)	-1%
Sales, general and administrative	3,443	3,511	(68)	-2%	9,965	8,592	1,373	16%
Total operating expenses	<u>9,079</u>	<u>8,657</u>	<u>422</u>	5%	<u>23,666</u>	<u>22,441</u>	<u>1,225</u>	5%
Loss from operations	<u>(9,079)</u>	<u>(8,657)</u>	<u>(422)</u>	-5%	<u>(23,666)</u>	<u>(22,441)</u>	<u>(1,225)</u>	-5%
Other income (expense), net:								
Interest and other income, net	<u>117</u>	<u>55</u>	<u>62</u>	113%	<u>341</u>	<u>39</u>	<u>302</u>	774%
Other income (expense), net	<u>117</u>	<u>55</u>	<u>62</u>	113%	<u>341</u>	<u>39</u>	<u>302</u>	774%
Net loss	<u>\$ (8,962)</u>	<u>\$ (8,602)</u>	<u>\$ (360)</u>	4%	<u>\$ (23,325)</u>	<u>\$ (22,402)</u>	<u>\$ (923)</u>	-4%

Research and Development

Research and development expenses totaled \$5.6 million and \$5.1 million for the three months ended September 30, 2023 and 2022, respectively. This increase of \$0.5 million was due primarily to an increase in research and laboratory expenses, which was partially offset by lower Company headcount with respect to research and development employees, and lower other professional fees. Research and development expenses for the three months ended September 30, 2023 included expenses related to employee compensation of \$1.6 million, other professional fees of \$1.6 million, research and laboratory expenses of \$2.1 million, and other expenses of \$0.3 million. Research and development expenses for the three months ended September 30, 2022 included expenses related to employee compensation of \$2.5 million, other professional fees of \$1.9 million, research and laboratory expenses of \$0.5 million, and other expenses of \$0.2 million.

Research and development expenses totaled \$13.7 million and \$13.8 million for the nine months ended September 30, 2023 and 2022, respectively. This decrease of \$0.1 million was due primarily to lower Company headcount with respect to research and development employees and lower other professional fees, which was partially offset by an increase in research and laboratory expenses. Research and development expenses for the nine months ended September 30, 2023 included expenses related to employee compensation of \$5.0 million, other professional fees of \$4.1 million, research and laboratory expenses of \$3.8 million, and other expenses of \$0.8 million. Research and development expenses for the nine months ended September 30, 2022 included expenses related to employee compensation of \$7.2 million, other professional fees of \$5.0 million, research and laboratory expenses of \$1.0 million, and other expenses of \$0.6 million.

Sales, General and Administrative

Sales, general and administrative expenses totaled \$3.4 million and \$3.5 million for the three months ended September 30, 2023 and 2022, respectively. This decrease of \$0.1 million was due primarily to the lower Company headcount and administrative activities. Sales, general and administrative expenses for the three months ended September 30, 2023 included expenses related to employee and board of director compensation of \$1.7 million, professional and consulting fees of \$0.6 million, and other expenses of \$1.1 million. Sales, general and administrative expenses for the three months ended September 30, 2022 included expenses related to employee and board of director compensation of \$1.6 million, professional and consulting fees of \$0.8 million, and other expenses of \$1.1 million.

Sales, general and administrative expenses totaled \$10.0 million and \$8.6 million for the nine months ended September 30, 2023 and 2022, respectively. This increase of \$1.4 million was due primarily to the growth of the Company and its activities. Sales, general and administrative expenses for the nine months ended September 30, 2023 included expenses related to employee and board of director compensation of \$5.1 million, professional and consulting fees of \$1.8 million, and other expenses of \$3.1 million. Sales, general and administrative expenses for the nine months ended September 30, 2022 included expenses related to employee and board of director compensation of \$4.3 million, professional and consulting fees of \$2.2 million, and other expenses of \$2.1 million.

Loss from Operations

Loss from operations was \$9.1 million for the three months ended September 30, 2023, as compared to \$8.7 million for the three months ended September 30, 2022.

Loss from operations was \$23.7 million for the nine months ended September 30, 2023, as compared to \$22.4 million for the nine months ended September 30, 2022.

Other Income (Expense), Net

Other income (expense), net for the three months ended September 30, 2023 was a net other income of \$117,000 as compared to a net other income of \$55,000 for the three months ended September 30, 2022.

Other income (expense), net for the nine months ended September 30, 2023 was a net other income of \$341,000 as compared to a net other income of \$39,000 for the nine months ended September 30, 2022.

Net Loss

As a result of the foregoing, net loss was \$9.0 million for the three months ended September 30, 2023, as compared to \$8.6 million for the three months ended September 30, 2022.

As a result of the foregoing, net loss was \$23.3 million for the nine months ended September 30, 2023, as compared to \$22.4 million for the nine months ended September 30, 2022.

Liquidity and Capital Resources

At September 30, 2023, we had cash and cash equivalents totaling \$7.7 million. During the nine months ended September 30, 2023, we used \$20.9 million of cash in our operating activities. Our cash and cash equivalents are expected to be sufficient to enable us to complete the development and initial commercial launch of our first proposed commercial product, the Evie Ring. However, our cash and cash equivalents are not expected to be sufficient to fund our operations for the next twelve months after the date these condensed consolidated financial statements are issued.

In August 2022, we entered into an at-the-market issuance (“ATM”) agreement with B. Riley Securities Inc., or B. Riley, to sell shares of our common stock for aggregate gross proceeds of up to \$50.0 million, from time to time, through an ATM equity offering program under which B. Riley acts as sales agent. During the nine months ended September 30, 2023, the Company sold an aggregate of 2,360,036 shares of common stock through the ATM program for proceeds of approximately \$3.1 million, net of commissions paid. Approximately \$44.5 million remains available on the ATM equity offering program at September 30, 2023.

We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. We anticipate that our expenses will increase substantially as we:

- advance the engineering design and development of the Evie Ring and other potential products;
- prepare applications required for marketing approval of the Evie Ring in the United States;
- develop our plans for manufacturing, distributing and marketing the Evie Ring and other potential products; and
- add operational, financial and management information systems and personnel, including personnel to support our product development, planned commercialization efforts and our operation as a public company.

Until we can generate a sufficient amount of revenue from our planned products, if ever, we expect to finance future cash needs through public or private equity offerings, debt financings or corporate collaborations and licensing arrangements. Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate one or more of our research or development programs or our commercialization efforts or it may become impossible for us to remain in operation. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience additional dilution, and debt financing, if available, may involve restrictive covenants. To the extent that we raise additional funds through collaborations and licensing arrangements, it may be necessary to relinquish some rights to our technologies or applications or grant licenses on terms that may not be favorable to us. We may seek to access the public or private capital markets whenever conditions are favorable, even if we do not have an immediate need for additional capital at that time.

These circumstances raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the condensed consolidated financial statements are issued. Our condensed consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern. Our ability to continue as a going concern depends on our ability to raise additional capital as described above to support our future operations.

The following table summarizes our cash flows for the periods indicated (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Net cash used in operating activities	\$ (20,928)	\$ (18,590)
Net cash provided by / (used in) investing activities	(51)	14,920
Net cash provided by financing activities	17,889	1,940
Net decrease in cash and cash equivalents	<u>\$ (3,090)</u>	<u>\$ (1,730)</u>

Operating Activities

During the nine months ended September 30, 2023, the Company used cash of \$20.9 million in operating activities, as compared to \$18.6 million used in operating activities during the nine months ended September 30, 2022.

The \$20.9 million used in operating activities during the nine months ended September 30, 2023 was primarily attributable to our net loss of \$23.3 million during the period. The net loss was offset by non-cash items, including stock-based compensation of \$2.3 million and depreciation of \$0.1 million.

The \$18.6 million used in operating activities during the nine months ended September 30, 2022 was primarily attributable to our net loss of \$22.4 million during the period and changes in our operating assets and liabilities totaling \$1.3 million. These items were offset by non-cash items, including stock-based compensation of \$2.3 million, depreciation of \$0.1 million, and accretion of discount on short-term investments of \$0.1 million.

Investing Activities

During the nine months ended September 30, 2023 the Company used cash of \$51,000 in investing activities, consisting of purchases of property and equipment.

During the nine months ended September 30, 2022 the Company was provided cash of \$14.9 million in investing activities, consisting primarily of \$15.0 million from maturities of short-term investments and offset by purchases of property and equipment of \$0.1 million.

Financing Activities

During the nine months ended September 30, 2023, the Company was provided cash of \$17.9 million which included net proceeds of \$6.7 million and \$8.1 million from the issuance of common stock in public offerings in February 2023 and June 2023, respectively, net proceeds of \$3.1 million from the issuance of common stock through the ATM equity offering program and \$0.1 million from the issuance of common stock upon the exercise of common stock options.

During the nine months ended September 30, 2022, the Company was provided cash of \$1.9 million from the issuance of common stock, after issuance costs of \$0.1 million.

Off-Balance Sheet Transactions

At September 30, 2023, the Company did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

Non-cancelable Obligations

The Company also had approximately \$10,000 of non-cancelable contractual commitments as of September 30, 2023, primarily related to its vendor arrangements. These commitments are generally due within one to three months.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item 3.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We are responsible for maintaining disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Disclosure controls and procedures are controls and other procedures designed to ensure that the 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. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Based on our management's evaluation (with the participation of our principal executive officer and our principal financial officer) of our disclosure controls and procedures as required by Rule 13a-15 under the Exchange Act, our principal executive officer and our principal financial officer have concluded that, due to the previously identified material weakness in our internal controls over financial reporting that is described below, our disclosure controls and procedures were not effective as of September 30, 2023, the end of the period covered by this report.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. As previously disclosed in our 2022 Form 10-K, we identified one material weakness in our internal control over financial reporting at December 31, 2022 related to ineffective design and operation of our financial close and reporting controls. Specifically, we did not design and maintain effective controls over certain account reviews and analyses and certain information technology general controls. Although we are making efforts to remediate these issues, these efforts may not be sufficient to avoid similar material weaknesses in the future.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and our principal financial officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of control effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the nine months ended September 30, 2023 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

We are not currently a party to any pending legal proceedings that we believe will have a material adverse effect on our business or financial condition. We may, however, be subject to various claims and legal actions arising in the ordinary course of business from time to time.

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this report, the risks and uncertainties that we believe are most important for you to consider are discussed in Part I, “Item 1A. Risk Factors” in the 2022 Form 10-K and subsequently filed Quarterly Reports on Form 10-Q.

Item 2. Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

On August 16, 2023, we issued warrants to purchase 201,613 shares of our common stock to a third-party professional services firm for services pursuant to an engagement letter with such service provider. The warrants have an exercise price of \$1.24 per share, with a term of five years. The warrants were issued in a private placement pursuant to Regulation D promulgated under the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the three months ended September 30, 2023, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits

Exhibit Number	Description
3.1	<u>Third Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on March 25, 2021).</u>
3.2	<u>Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on June 21, 2023).</u>
3.3	<u>Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on March 25, 2021).</u>
4.1	<u>Specimen Certificate representing shares of common stock of the Registrant (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 filed on March 10, 2021).</u>
31.1	<u>Certification of Periodic Report by Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14a and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u>
31.2	<u>Certification of Periodic Report by Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14a and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u>
32.1	<u>Certification of Periodic Report by Chief Executive Officer and Chief Financial Officer pursuant to U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>
101.INS	Inline XBRL Instance Document (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: November 14, 2023

MOVANO INC.

By: /s/ John Mastrototaro
John Mastrototaro
Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2023

MOVANO INC.

By: /s/ J. Cogan
J. Cogan
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

I, John Mastrototaro, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Movano Inc.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

MOVANO INC.
(Registrant)

Date: November 14, 2023

By: /s/ John Mastrototaro
John Mastrototaro
Chief Executive Officer
(Principal Executive Officer)

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

I, J. Cogan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Movano Inc. :
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

MOVANO INC.
(Registrant)

Date: November 14, 2023

By: /s/ J. Cogan
J. Cogan
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

In connection with the Quarterly Report of Movano Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, John Mastrototaro, Chief Executive Officer of the Company, and J. Cogan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ John Mastrototaro

John Mastrototaro
Chief Executive Officer

/s/ J. Cogan

J. Cogan
Chief Financial Officer

Date: November 14, 2023