

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, 2024

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 8, 2024, there were 6,633,511 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, 2024

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## 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, 2024</u>	<u>December 31, 2023</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 11,272	\$ 6,118
Payroll tax credit, current portion	233	450
Vendor deposits	9	399
Inventory	2,033	1,114
Prepaid expenses and other current assets	467	442
Total current assets	14,014	8,523
Property and equipment, net	237	342
Payroll tax credit, noncurrent portion	55	169
Other assets	761	387
Total assets	<u>\$ 15,067</u>	<u>\$ 9,421</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,896	\$ 3,118
Deferred revenue	20	1,252
Other current liabilities	2,317	1,529
Total current liabilities	4,233	5,899
Noncurrent liabilities:		
Early exercised stock option liability	—	23
Other noncurrent liabilities	583	50
Total noncurrent liabilities	583	73
Total liabilities	4,816	5,972
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized at September 30, 2024 and December 31, 2023; no shares issued and outstanding at September 30, 2024 and December 31, 2023	—	—
Common stock, \$0.0001 par value, 500,000,000 and 150,000,000 shares authorized at September 30, 2024 and December 31, 2023, respectively; 6,633,511 and 3,723,218 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	10	6
Additional paid-in capital	153,732	127,823
Accumulated deficit	(143,491)	(124,380)
Total stockholders' equity	10,251	3,449
Total liabilities and stockholders' equity	<u>\$ 15,067</u>	<u>\$ 9,421</u>

See accompanying notes to condensed consolidated financial statements.

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 50	\$ —	\$ 902	\$ —
<b>COSTS AND EXPENSES:</b>				
Cost of revenue	845	—	2,440	—
Research and development	3,404	5,636	9,198	13,701
Sales, general and administrative	3,180	3,443	8,794	9,965
Total costs and expenses	7,429	9,079	20,432	23,666
Loss from operations	(7,379)	(9,079)	(19,530)	(23,666)
Other income (expense), net:				
Interest and other income, net	178	117	419	341
Other income (expense), net	178	117	419	341
Net loss and total comprehensive loss	\$ (7,201)	\$ (8,962)	\$ (19,111)	\$ (23,325)
Net loss per share, basic and diluted	\$ (1.06)	\$ (2.65)	\$ (3.33)	\$ (7.99)
Weighted average shares used in computing net loss per share, basic and diluted	6,816,339	3,380,763	5,733,007	2,921,201

See accompanying notes to condensed consolidated financial statements.

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
<b>Three Months Ended September 30, 2023</b>					
Balance at June 30, 2023	3,376,444	\$ 5	\$ 122,283	\$ (109,460)	\$ 12,828
Stock-based compensation	—	—	757	—	757
Issuance of common stock	10,619	—	173	—	173
Issuance of common stock warrants	—	—	124	—	124
Vesting of early exercised stock options	—	—	24	—	24
Net loss	—	—	—	(8,962)	(8,962)
Balance at September 30, 2023	3,387,063	\$ 5	\$ 123,361	\$ (118,422)	\$ 4,944
<b>Nine Months Ended September 30, 2023</b>					
Balance at December 31, 2022	2,243,964	\$ 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	356,040	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	613,334	1	8,065	—	8,066
Issuance of common stock	157,335	—	3,061	—	3,061
Issuance of common stock upon exercise of options	16,390	—	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	3,387,063	\$ 5	\$ 123,361	\$ (118,422)	\$ 4,944
<b>Three Months Ended September 30, 2024</b>					
Balance at June 30, 2024	6,596,565	\$ 10	\$ 153,058	\$ (136,290)	\$ 16,778
Stock-based compensation	—	—	534	—	534
Common stock issuance costs	—	—	(65)	—	(65)
Issuance of common stock warrants	—	—	60	—	60
Issuance of common stock	36,946	—	141	—	141
Vesting of early exercised stock options	—	—	4	—	4
Net loss	—	—	—	(7,201)	(7,201)
Balance at September 30, 2024	6,633,511	\$ 10	\$ 153,732	\$ (143,491)	\$ 10,251

Additional

Total

Nine Months Ended September 30, 2024	Common Stock		Paid-In	Accumulated	Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance at December 31, 2023	3,723,218	\$ 6	\$ 127,823	\$ (124,380)	\$ 3,449
Stock-based compensation	—	—	2,695	—	2,695
Issuance of common stock in April 2024 sale, net of issuance costs	2,806,898	4	12,890	—	12,894
Issuance of pre-funded warrants in April 2024 sale	—	—	980	—	980
Issuance of common stock warrants in April 2024 sale	—	—	8,756	—	8,756
Issuance of common stock warrants	—	—	60	—	60
Issuance of common stock	100,728	—	490	—	490
Issuance of common stock upon exercise of options	2,667	—	15	—	15
Vesting of early exercised stock options	—	—	23	—	23
Net loss	—	—	—	(19,111)	(19,111)
Balance at September 30, 2024	6,633,511	\$ 10	\$ 153,732	\$ (143,491)	\$ 10,251

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (19,111)	\$ (23,325)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	128	118
Stock-based compensation	2,695	2,252
Noncash lease expense	157	(11)
Non-cash compensation related to common stock warrants issued to strategic advisory group	60	—
Loss on disposal of property and equipment	2	13
Changes in operating assets and liabilities:		
Payroll tax credit	331	129
Inventory	(919)	—
Prepaid expenses, vendor deposits and other current assets	365	(626)
Other assets	(31)	(40)
Accounts payable	(1,216)	1,398
Deferred revenue	(1,232)	—
Other current and noncurrent liabilities	793	(836)
Net cash used in operating activities	(17,978)	(20,928)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(3)	(51)
Net cash used in investing activities	(3)	(51)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
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, pre-funded warrants and common stock warrants in April 2024 sale, net of issuance costs	22,630	—
Issuance of common stock, net of issuance costs	490	3,061
Issuance of common stock upon exercise of stock options	15	109
Net cash provided by financing activities	23,135	17,889
Net increase/(decrease) in cash and cash equivalents	5,154	(3,090)
Cash and cash equivalents at beginning of period	6,118	10,759
Cash and cash equivalents at end of period	\$ 11,272	\$ 7,669
<b>NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Vesting of common stock issued upon early exercise	\$ 23	\$ 89
Warrants issued upon February 2023 public offering	\$ —	\$ 1,473
Issuance of common stock warrant	\$ —	\$ 124
Issuance of common stock warrants in April 2024 sale	\$ 8,756	\$ —
Right of use asset recorded for operating lease liability	\$ 514	\$ —

See accompanying notes to condensed consolidated financial statements.

**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 an early-stage technology company 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 provide vital health information, including heart rate, heart rate variability (HRV), sleep, respiration rate, temperature, blood oxygen saturation (SpO<sub>2</sub>), 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 three and nine months ended September 30, 2024 and 2023, respectively.

Since inception, the Company has engaged in only limited research and development of product candidates and underlying technology and the commercialization of the Company's first commercial product, the Evie Ring. For the three months and nine months ended September 30, 2024, the Company recorded revenue for this product of \$0.1 million and \$0.9 million, respectively.

On April 2, 2024, the Company entered into a securities purchase agreement for the private placement (“April 2024 Private Placement”) of an aggregate of 3,015,172 units with each unit consisting of (1) one share of the Company's common stock or at the election of the purchaser, a pre-funded warrant to purchase one share of common stock, and (2) one warrant to purchase one share of common stock. The purchase price paid for each unit was \$8.00. Certain directors and officers participated in the transaction and purchased 19,168 of the units at an offering price of \$ 8.48 per unit.

Pre-funded warrants totaling 209,936 shares were issued as part of the April 2024 Private Placement. Each pre-funded warrant has an exercise price equal to \$0.015 per share or calculated pursuant to the cashless exercise provision. The pre-funded warrants were immediately exercisable on the date of issuance and do not expire.

Warrants totaling 3,015,172 shares were issued as part of the April 2024 Private Placement. Each warrant that was issued to holders other than the Company's officers and directors has an exercise price equal to \$6.11 per share or calculated pursuant to the cashless exercise provision. The warrants issued to the Company's officers and directors have an exercise price equal to \$6.60 or calculated pursuant to the cashless exercise provision. The warrants were exercisable immediately and expire on the fifth anniversary of the initial exercise date of the warrant. After April 4, 2025, the warrants may be redeemed in whole or in part at the option of the Company with at least thirty days' notice to the holder of the warrant, which notice may not be given before, but may be given at any time after the date on which (i) the closing price of the Company's common stock has equaled or exceeded \$75.00 for ten consecutive trading days and (ii) the daily trading volume of the common stock has exceeded 6,667 shares on each of such ten trading days. The redemption price is \$0.38 per warrant share.

The gross proceeds of the April 2024 Private Placement were approximately \$ 24.1 million, before deducting offering fees and expenses of approximately \$1.5 million. The April 2024 Private Placement closed on April 5, 2024. Common stock shares of 2,806,898 were issued.

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, 2024, 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 \$143.5 million as of September 30, 2024. 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 the 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 and nine months ended September 30, 2024 and 2023**  
**(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 April 16, 2024 with the United States Securities

and Exchange Commission (the "SEC") and amended on April 29, 2024.

The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024. The condensed consolidated balance sheet as of December 31, 2023 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 condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods.

Significant estimates and assumptions reflected in these condensed consolidated financial statements include but are not limited to the fair value of 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.

#### ***Reverse Stock Split***

On October 29, 2024, the Company completed a 1-for-15 reverse stock split of its issued and outstanding common stock (the "Reverse Stock Split"). As a result of the Reverse Stock Split, each share of common stock issued and outstanding immediately prior to October 29, 2024 were automatically reclassified and converted into one-fifteenth (1/15<sup>th</sup>, "Reverse Stock Split Ratio") of a share of common stock. The Reverse Stock Split affected all common stockholders uniformly and did not alter any stockholder's percentage interest in the Company's equity, except to the extent that the Reverse Stock Split resulted in a stockholder of record owning a fractional share. Stockholders of record who were otherwise entitled to receive a fractional share, instead automatically had their fractional shares rounded up to the next whole share. No cash was issued for fractional shares as part of the Reverse Stock Split.

The Reverse Stock Split did not change the par value of the common stock or the authorized number of shares of common stock. Proportionate adjustments were made to the exercise prices and the number of shares underlying the Company's equity plans and grants thereunder, as applicable. Additionally, proportionate adjustments were made to the exercise prices and the number of shares underlying all outstanding warrants, as required by the terms of these securities.

All common share and per-share amounts in this Form 10-Q have been retroactively restated to reflect the effect of the Reverse Stock Split.

#### ***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 and Cash Equivalents***

The Company invests its excess cash primarily in money market funds. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Movano Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2024 and 2023**  
**(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, 2024 at one financial institution that totaled approximately \$0.3 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 institution in which those deposits are held.

The Company is dependent on third-party manufacturers to supply products for manufacturing as well as 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.

#### ***Inventory***

Inventory, which consists of raw materials and finished goods, is stated at the lower of cost or net realizable value. Cost comprises purchase price and incidental expenses incurred in bringing the inventory to its present location and condition. Cost is computed using the weighted-average cost method.

The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimate net realized value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, inventory write-downs may be required.

#### ***Software Development Costs***

Costs associated with the planning and design phase of software development are classified as research and development costs and are expensed as incurred. Once technological feasibility has been established, a portion of the costs incurred in development, including coding, testing and quality assurance, are capitalized until available for general release to customers, and subsequently reported at the lower of unamortized cost or net realizable value. Amortization is calculated on a solution-by-solution basis based on the estimated lives of the underlying asset and is included in cost of revenue on the condensed consolidated statements of operations and comprehensive loss. During the three and nine months ended September 30, 2024 and 2023, no software development costs were capitalized, and no amortization was recognized.

#### ***Revenue***

The Company recognizes revenue from contracts with customers upon transfer of control of promised goods or services at the transaction price which reflects the consideration the Company expects to be entitled in exchange for those goods or services. The transaction price is calculated as selling price net of variable consideration which may include estimates for future returns and sales incentives related to current period product revenue.

The Company generates revenue from the sale of Evie Rings, portable chargers, charging cables, ring sizers, and mobile applications. As part of the purchase, customers also receive customer support and future unspecified software updates. These products and services are collectively referred to as the Evie Ring Elements, each of which is distinct and a separate performance obligation.

The Company allocates the transaction price to all distinct performance obligations based on their relative stand-alone selling price ("SSP"). When available, the Company uses observable prices to determine SSP. When observable prices are not available, SSPs are established that reflect the Company's best estimates of what the selling prices of the performance obligations would be if they were sold regularly on a stand-alone basis. The Company's process for estimating SSPs without observable prices considers multiple factors that may vary depending upon the unique facts and circumstances related to each performance obligation including, where applicable, prices charged by the Company for similar offerings, market trends in the pricing for similar offerings, product-specific business objectives and the estimated cost to provide the performance obligation.

**Movano Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2024 and 2023**  
**(Unaudited)**

Revenue associated with the Evie Ring, portable charger, charging cable, ring sizer, and mobile application performance obligations is recognized upon delivery to customers. The performance obligation for the embedded right to receive, on a when-and-if-available basis, customer support and future unspecified software updates, is recognized to revenue on a straight-line basis over the estimated life of the product and is not material in the periods presented. The Company allocates revenue and any related discounts to these performance obligations based on their relative SSPs. Because the Company lacks observable prices for the undelivered performance obligations, the allocation of revenue is based on the Company's estimated SSPs.

Sales of the Evie Ring Elements include an assurance warranty.

Contract balances represent amounts presented in the condensed consolidated balance sheets when the Company has transferred goods or services to the customer, or the customer has paid consideration to the Company under the contract. Customer payments are made up-front upon the purchase of products and services. The Company has no accounts receivable as of September 30, 2024, December 31, 2023, or December 31, 2022, respectively. There were no contract assets at September 30, 2024, December 31, 2023, or December 31, 2022.

The Company records a contract liability for deferred revenue when cash payments from customers are received prior to the transfer of control or satisfaction of the related performance obligations. Deferred revenue at September 30, 2024, December 31, 2023, and December 31, 2022 was \$20,000, \$1.3 million and \$0, respectively. During the three and nine months ended September 30, 2024, deferred revenue of \$ 0.1 million and \$1.3 million, respectively, was recognized in revenue. However, customer refunds and returns during the three and nine months ended September 30, 2024 offset the recognition of revenue, which resulted in \$0.1 million and \$0.9 million of revenue during the three and nine months ended September 30, 2024.

The Company offers limited rights of return for a 30-day right of return, whereby customers may return the Evie Ring Elements. The Company's estimate of future returns requires significant judgement. The Company estimates reserves based on data specific to each reporting period and historical trends to date. The estimate is adjusted each period for actual returns received. The returns reserve is recorded as a reduction of revenue and recognized in other current liabilities. As of September 30, 2024, December 31, 2023, and December 31, 2022, the balance of product return provisions included in other current liabilities is \$15,000, \$0 and \$0, respectively.

The Company collects sales taxes at the point of sale and remits the taxes to the proper state authorities. Sales tax is excluded from the measurement of the transaction price.

Shipping and handling costs are incurred as part of fulfillment activities with customers and are included as a component of cost of revenue.

**Costs of Revenue**

Costs of revenue consists primarily of material costs, freight charges, purchasing and receiving costs, inspection costs, royalties, customer support and other costs, which are directly attributable to the production of the Company's product. Write-down of inventory to lower of cost or net realizable value is also recorded in cost of goods sold.

**Advertising Costs**

The Company expenses advertising costs as they are incurred. Advertising expenses were \$ 49,000 and \$0.5 million for the three months ended September 30, 2024 and 2023, and \$0.2 million and \$1.0 million for the nine months ended September 30, 2024 and 2023, respectively. These costs are included in sales, general and administrative expenses in the accompanying condensed consolidated statements of operations and comprehensive loss.

**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.

**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, 2024 and 2023, respectively.

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. The weighted average number of common shares used in calculating basic and diluted net loss per share includes the weighted-average pre-funded common stock warrants outstanding during the period as they are exercisable at any time for nominal cash consideration. Diluted net loss per share is the same as basic net loss per share, since the effects of potentially dilutive securities are antidilutive.

**Recently Issued Accounting Pronouncements**

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The disclosure requirements must be applied retrospectively to all prior periods presented in the financial statements. The effective date for the standard is for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the effects adoption of this guidance will have on the consolidated financial statements for fiscal year 2024.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, to require disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The effective date for the standard is for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the effects adoption of this guidance will have on the consolidated financial statements.

**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.

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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 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 Company's Level 1 financial assets are money market funds whose fair values are based on quoted market prices. The carrying amounts of prepaid expenses and other current assets, payroll tax credit, vendor deposits, inventory, accounts payable, deferred revenue, and other current 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, 2024 and December 31, 2023 (in thousands):

**Fair Value Measurements**

September 30, 2024			
Fair Value	Level 1	Level 2	Level 3

Cash equivalents:



Money market funds	\$ 10,659	\$ 10,659	\$ —	\$ —
Total cash equivalents	<u>\$ 10,659</u>	<u>\$ 10,659</u>	<u>\$ —</u>	<u>\$ —</u>
<b>December 31, 2023</b>				
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash equivalents:				
Money market funds	\$ 4,393	\$ 4,393	\$ —	\$ —
Total cash equivalents	<u>\$ 4,393</u>	<u>\$ 4,393</u>	<u>\$ —</u>	<u>\$ —</u>

#### NOTE 4 – CASH AND CASH EQUIVALENTS

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

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents:		
Cash	\$ 613	\$ 1,725
Money market funds	10,659	4,393
Total cash and cash equivalents	<u style="text-align: right;">\$ 11,272</u>	<u style="text-align: right;">\$ 6,118</u>

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#### NOTE 5 – BALANCE SHEET COMPONENTS

Inventory as of September 30, 2024 and December 31, 2023, consisted of the following (in thousands):

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Raw materials	\$ 1,852	\$ 1,114
Finished goods	181	—
Total inventory	<u style="text-align: right;">\$ 2,033</u>	<u style="text-align: right;">\$ 1,114</u>

Property and equipment, net, as of September 30, 2024 and December 31, 2023, consisted of the following (in thousands):

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Office equipment and furniture	\$ 255	\$ 266
Software	144	144
Test equipment	310	310
Total property and equipment	709	720
Less: accumulated depreciation	(472)	(378)
Total property and equipment, net	<u style="text-align: right;">\$ 237</u>	<u style="text-align: right;">\$ 342</u>

Total depreciation and amortization expense related to property and equipment for the three and nine months ended September 30, 2024 was approximately \$30,000 and \$100,000, respectively. 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.

#### NOTE 6 – OTHER CURRENT LIABILITIES

Other current liabilities as of September 30, 2024 and December 31, 2023 consisted of the following (in thousands):

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Accrued compensation	\$ 1,184	\$ 299
Accrued research and development	335	461
Accrued inventory	148	—
Accrued vacation	295	246
Accrued severance payment	—	5
Lease liabilities, current portion	102	217
Other	253	301
	<u style="text-align: right;">\$ 2,317</u>	<u style="text-align: right;">\$ 1,529</u>

## NOTE 7 – COMMON STOCK

As of September 30, 2024 and December 31, 2023, the Company was authorized to issue 500,000,000 and 150,000,000, shares of common stock, respectively, with a par value of \$0.0001 per share. As of September 30, 2024 and December 31, 2023, 6,633,511 and 3,723,218 shares were outstanding, respectively.

On July 9, 2024, the Company filed a Certificate of Amendment to its Third Amended and Restated Certificate of Incorporation increasing the number of authorized shares of common stock from 150,000,000 to 500,000,000 shares.

On October 29, 2024, the Company completed a 1-for-15 reverse stock split of its issued and outstanding common stock. As a result of the Reverse Stock Split, each share of common stock issued and outstanding immediately prior to October 29, 2024 were automatically reclassified and converted into one-fifteenth (1/15th) of a share of common stock.

### 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 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.

In June 2024, the Company replaced B. Riley Securities with Jones Trading as the Sales Agent for the Issuance Agreement.

During the three months ended September 30, 2024 and 2023, the Company issued and sold an aggregate of 35,279 and 10,619 shares of common stock through the Issuance Agreement at a weighted-average public offering price of \$5.51 and \$17.96 per share and received net proceeds of \$0.2 million and \$0.2 million, respectively. During the nine months ended September 30, 2024 and 2023, the Company issued and sold an aggregate of 99,061 and 157,335 shares of common stock through the Issuance Agreement at a weighted-average public offering price of \$ 6.64 and \$20.14 per share and received net proceeds of \$0.6 million and \$3.1 million, respectively. As of September 30, 2024, an aggregate offering price amount of approximately \$43.7 million remained 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, 2024 is summarized as follows:

	September 30, 2024
Warrants to purchase common stock	3,564,375
Stock options outstanding	755,105
Stock options available for future grants	801,236
Total	5,120,716

### Early Exercised Stock Option Liability

During the three and nine months ended September 30, 2024 and 2023, no additional 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, 2024 and December 31, 2023, the Company has recorded a repurchase liability for approximately \$0 and \$23,000 for 0 and 2,917 shares that remain unvested, respectively. As of September 30, 2024, there are no remaining unvested shares.

## NOTE 8 – COMMON STOCK WARRANTS

### Preferred A and B Placement Warrants

During May 2024, the Board approved the amendment of 19,536 Preferred A Placement Warrants and 30,920 Preferred B Placement Warrants to extend the maturity to April 2025. The maturity of the Series A Placement Warrants were previously extended by amendment in February 2023, September 2023, and November 2023. 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 consolidated financial statements.

### April 2024 Pre-funded and Common Stock Warrants

On April 2, 2024, the Company entered into a securities purchase agreement for the private placement of an aggregate of 3,015,172 units with each unit consisting of (1) one share of the Company's common stock or at the election of the purchaser, a pre-funded warrant to purchase one share of common stock, and (2) one warrant to purchase one share of common stock. The purchase price paid for each unit was \$8.00. Certain directors and officers participated in the transaction and purchased 19,168 of the units at an offering price of \$8.48 per unit.

Pre-funded warrants totaling 209,936 shares were issued. Each pre-funded warrant has an exercise price equal to \$ 0.015 per share or calculated pursuant to the cashless exercise provision. The pre-funded warrants were immediately exercisable on the date of issuance and do not expire.

Warrants totaling 3,015,172 shares were issued. Each warrant that was issued to holders other than the Company's officers and directors has an exercise price equal to \$6.11 per share or calculated pursuant to the cashless exercise provision. The warrants issued to the Company's officers and directors have an exercise price equal to \$6.60 or calculated pursuant to the cashless exercise provision. The warrants were exercisable immediately and expire on the fifth anniversary of the initial exercise date of the warrant. After April 4, 2025, the warrants may be redeemed in whole or in part at the option of the Company with at least thirty days' notice to the holder of the warrant, which notice may not be given before, but may be given at any time after the date on which (i) the closing price of the Company's common stock has equaled or exceeded \$75.00 for ten consecutive trading days and (ii) the daily trading volume of the common stock has exceeded 6,667 shares on each of such ten trading days. The redemption price is \$ 0.38 per warrant share.

The warrants were recorded on a relative fair value basis at the date of issuance using the Black-Scholes model, which was recorded as a debit to issuance costs and a credit to additional paid-in capital on the condensed consolidated balance sheets. The warrants are not remeasured in future periods as the warrants meet the conditions for equity classification. The relative fair value of the April 2024 Pre-funded warrants was \$1.0 million and the relative fair value of the April 2024 Warrants at the issuance date was \$8.8 million.

The following assumptions were used to calculate the fair value of the pre-funded and common stock warrants at issuance date:

Expected term	5.0 years
Expected volatility	59.5%
Risk-free interest rate	4.4%
Expected dividends	0.0%

#### August 2024 Common Stock Warrants

On August 14, 2024, in connection with a strategic advisory agreement, the Company issued warrants to purchase 22,097 shares of the Company's common stock (the "August 2024 Warrants"). The August 2024 Warrants have a five-year term and an exercise price of \$6.11 per share. The August 2024 Warrants may be exercised at any time prior to the expiration date of August 14, 2029. Each outstanding August 2024 Warrant not exercised on or before the expiration date will become void. The August 2024 Warrants are not subject to restrictions on transfers and each holder is permitted to transfer the August 2024 Warrants. The August 2024 Warrants can be exercised on a cashless basis at the option of the holder.

The August 2024 Warrants had a grant-date fair value of \$ 2.72 at issuance and are fully vested. The Company recognized the aggregate fair value of \$0.1 million within sales, general and administrative expense in its condensed consolidated statements of operations and comprehensive loss during the three and nine months ended September 30, 2024, respectively, and a credit to additional paid-in capital on the condensed consolidated balance sheets as of September 30, 2024. The warrants are not remeasured in future periods as the warrants meet the conditions for equity classification.

The following table provides quantitative information regarding inputs used in the Black-Scholes option-pricing model to determine the fair value of the August 2024 Warrants as of August 14, 2024:

Expected term	5.0 years
Expected volatility	60.83%
Risk-free interest rate	3.67%
Expected dividends	0.0%

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The following is a summary of the Company's warrant activity for the nine months ended September 30, 2024:

Warrant Issuance	Issuance	Weighted Average Exercise Price	Outstanding, December 31, 2023	Granted	Exercised	Canceled/ Expired	Outstanding, September 30, 2024	Expiration
Preferred A Placement Warrants	March and April 2018 and August 2019	\$ 21.00	19,536	—	—	—	19,536	April 2025
Preferred B Placement Warrants	April 2019	\$ 31.50	30,920	—	—	—	30,920	April 2025
Convertible Notes Placement Warrants	August 2020	\$ 38.55	11,455	—	—	—	11,455	August 2025
Underwriter Warrants	March 2021	\$ 90.00	63,798	—	—	—	63,798	March 2026
January 2023 warrants	January 2023	\$ 23.55	154,800	—	—	—	154,800	January 2028
February 2023 warrants	February 2023	\$ 23.55	23,220	—	—	—	23,220	February 2028
August 2023 warrants	August 2023	\$ 18.60	13,441	—	—	—	13,441	August 2028
April 2024 Pre-Funded warrants	April 2024	\$ 0.015	—	209,936	—	—	209,936	None
April 2024 warrants	April 2024	\$ 6.11	—	3,015,172	—	—	3,015,172	April 2029
August 2024 warrants	August 2024	\$ 6.11	—	22,097	—	—	22,097	August 2029
			<u>317,170</u>	<u>3,247,205</u>	<u>—</u>	<u>—</u>	<u>3,564,375</u>	

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

Warrant Issuance	Issuance	Weighted Average Exercise Price	Outstanding, December 31, 2022	Granted	Exercised	Canceled/ Expired	Outstanding, September 30, 2023	Expiration
Preferred A Placement Warrants	March and April 2018 and August 2019	\$ 21.00	19,536	—	—	—	19,536	October 2023
Preferred A Lead Investor Warrants	February 2021	\$ 0.19	3,500	—	—	(3,500)	—	March 2023
Preferred B Placement Warrants	April 2019	\$ 31.50	30,920	—	—	—	30,920	April 2024
Convertible Notes Placement Warrants	August 2020	\$ 38.55	11,455	—	—	—	11,455	August 2025
Underwriter Warrants	March 2021	\$ 90.00	63,798	—	—	—	63,798	March 2026
January 2023 warrants	January 2023	\$ 23.55	—	154,800	—	—	154,800	January 2028
February 2023 warrants	February 2023	\$ 23.55	—	23,220	—	—	23,220	February 2028
August 2023 warrants	August 2023	\$ 18.60	—	13,441	—	—	13,441	August 2028
			<u>129,209</u>	<u>191,461</u>	<u>—</u>	<u>(3,500)</u>	<u>317,170</u>	

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**NOTE 9 – STOCK-BASED COMPENSATION**

On July 9, 2024, the Company amended the 2019 Equity Incentive Plan to authorize 10,000,000 additional shares available for future grant.

**2019 Equity Incentive Plan**

As of September 30, 2024, the Company had 696,375 shares available for future grant pursuant to the 2019 Plan.

**2021 Employment Inducement Plan**

As of September 30, 2024, the Company had 104,861 shares available for future grant under the Inducement Plan.

**Stock Options**

Stock option activity for the nine months ended September 30, 2024 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, 2023	496,561	\$ 31.95	7.1 years	\$ 726
Granted	291,948	\$ 7.02		
Exercised	(2,667)	\$ 5.70		
Cancelled	(30,738)	\$ 29.95		
Outstanding at September 30, 2024	<u>755,105</u>	\$ 22.58	7.3 years	\$ 13
Exercisable as of September 30, 2024	<u>635,850</u>	\$ 21.52	7.1 years	\$ —
Vested and expected to vest as of September 30, 2024	<u>755,105</u>	\$ 22.58	7.3 years	\$ 13

The weighted-average grant date fair value of options granted during the nine months ended September 30, 2024 and 2023, was \$ 3.62 and \$11.24, respectively. During the nine months ended September 30, 2024 and 2023, 2,667 and 16,390 options were exercised for proceeds of \$15,200 and \$109,000, respectively. The fair value of the 333,683 and 92,278 options that vested during the nine months ended September 30, 2024 and 2023 was approximately \$2.6 million and \$2.2 million, respectively.

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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, 2024 and 2023.

**Nine Months Ended  
September 30,**

	2024	2023
Dividend yield	—%	—%
Expected volatility	51.6%	61.88%
Risk-free interest rate	4.26%	3.73%
Expected life	5.00 years	5.97 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, 2024 and 2023 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,	
	2024	2023	2024	2023
Cost of revenue	\$ 3	\$ —	\$ 38	\$ —
Research and development	144	228	966	678
Sales, general and administrative	387	529	1,691	1,574
	<u>\$ 534</u>	<u>\$ 757</u>	<u>\$ 2,695</u>	<u>\$ 2,252</u>

As of September 30, 2024, unamortized compensation expense related to unvested stock options was approximately \$ 1.8 million, which is expected to be recognized over a weighted average period of 1.6 years.

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**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

**Operating and Finance Leases**

On June 19, 2024, the Company executed the third amendment to the original corporate office and facilities lease. The purpose of the amendment was to extend the lease term of the facilities consisting of (i) 5,798 square feet and (ii) 1,890 rentable square feet within the building located at 6800 Koll Center Parkway, Pleasanton, CA. The extended lease term commences on October 1, 2024 and ends on December 31, 2027 with one option to extend the lease for three years. The monthly base rent will be approximately \$20,000, with a rent abatement for the first three months of the lease term.

The lease amendment was accounted for as a lease modification. The right-of-use asset and operating lease liability for the existing premises were remeasured at the modification date, which resulted in an increase of \$0.6 million to both the right-of-use asset and operating lease liabilities.

The balances of the operating and finance lease related accounts as of September 30, 2024 and December 31, 2023 are as follows (in thousands):

	September 30, 2024	December 31, 2023
<b>Operating and Finance leases</b>		
Right-of-use assets	\$ 636	\$ 247
Operating lease liabilities - Short-term	\$ 90	\$ 203
Operating lease liabilities - Long-term	\$ 557	\$ 15
Finance lease liabilities - Short-term	\$ 16	\$ 14
Finance lease liabilities - Long-term	\$ 22	\$ 35

The short-term balances of operating and finance lease liabilities are included in other current liabilities on the Company's condensed consolidated balance sheets. The long-term balances of operating and finance lease liabilities are included in other noncurrent liabilities on the Company's condensed consolidated balance sheets.

The components of lease expense and supplemental cash flow information as of and for the three and nine months ended September 30, 2024 and 2023 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Lease Cost:</b>				
Operating lease cost	\$ 57	\$ 65	\$ 182	\$ 193

**Other Information:**

Cash paid for amounts included in the measurement of lease liabilities for the year ended	\$	68	\$	61	\$	195	\$	180
Weighted average remaining lease term - operating leases (in years)		3.3		1.2		3.3		1.2
Average discount rate - operating leases		10.00%		10.00%		10.00%		10.00%
Weighted average remaining lease term - financing leases (in years)		2.2		—		2.2		—
Average discount rate - financing leases		15.08		—		15.08%		—

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Future minimum lease payments for the operating and finance leases are as follows as of September 30, 2024 (in thousands):

2024	\$	5
2025		236
2026		290
2027		279
Total lease payments		810
Less: Interest		(125)
Total lease liabilities	\$	685

**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, 2024.

**Non-cancelable Obligations**

The Company did not have any non-cancelable contractual commitments as of September 30, 2024.

**Royalty Commitments**

The Company is required to make certain usage-based royalty payments to a vendor. The royalty amount is calculated based on the number of Evie Rings shipped, as adjusted for returns and refunds to customers, and the number of specified algorithms developed by the vendor that are included on the Evie Rings. The maximum amount of the royalty commitment is approximately \$6.1 million, and the amount of the research and development expenses paid to the vendor will reduce the total royalty commitment amount. Through September 30, 2024, the Company has paid research and development expenses of approximately \$0.6 million to the vendor. The amount of the royalty calculation for the three and nine months ended September 30, 2024 and 2023 was not significant.

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**NOTE 11 – 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, 2024 and 2023 (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net loss	\$ (7,201)	\$ (8,962)	\$ (19,111)	\$ (23,325)

Denominator:

Weighted average shares used in computing net loss per share, basic and diluted	6,816,339	3,380,763	5,733,007	2,921,201
Net loss per share, basic and diluted	\$ (1.06)	\$ (2.65)	\$ (3.33)	\$ (7.99)

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, 2024 and 2023 because including them would have been antidilutive are as follows:

	Nine Months Ended September 30,	
	2024	2023
Shares subject to options to purchase common stock	755,105	518,591
Shares subject to warrants to purchase common stock	3,564,375	317,170
Total	4,319,480	835,761

For both the three and nine months ended September 30, 2024, there were no performance-based option awards for shares of common stock. For both the three and nine months ended September 30, 2023, performance-based option awards for 3,347 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 12 – SUBSEQUENT EVENTS

Management of the Company evaluated events that have occurred after the balance sheet dates through the date these condensed consolidated financial statements were issued. No events required disclosure in the condensed consolidated financial statements.

## 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;
- the failure of our common stock to meet the minimum requirements for continued listing on the Nasdaq Capital Market;
- 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 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 need to secure required FCC, FDA and other regulatory approvals from governmental authorities in the 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; and
- 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, 2023 (the "2023 Form 10-K"). 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 Inc., dba Movano Health, a Delaware corporation, 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 is the Evie Ring, a wearable designed specifically for women that was launched in November 2023. The Evie Ring combines health and wellness metrics to give a full picture of one's health, which include resting heart rate, heart rate variability ("HRV"), blood oxygen saturation ("SpO<sub>2</sub>"), 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 provides women 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 launched the Evie Ring as a general wellness device without any FDA premarket clearances. Separately, we are planning to seek FDA clearances on our medical device, which will be sold under the brand name EvieMED. We believe EvieMED will be one of the first patient wearables with FDA clearance on the entire system, both hardware and software, differing from our competition which sometimes gets FDA clearance on an individual algorithm under "Software as a Medical Device" guidance. In July 2023, we filed our first 510(k) submission to the FDA for the EvieMED Ring's pulse oximeter to monitor pulse and SpO<sub>2</sub> data, following a successful pivotal hypoxia trial during the fourth quarter of 2022. With progressive changes in the device and significant additional requirements from FDA since the initial submission, we opted to withdraw the 2023 510(k). Armed with FDA's review of the initial 510(k) and results from a second pivotal hypoxia trial using the production model ring completed in the first quarter of 2024, we re-submitted in April 2024. We believe that FDA clearance of these metrics, sold via prescription under the brand name EvieMED, would foster clinical-level confidence in EvieMED's monitoring capabilities and could make the device attractive to clinicians and to facilities engaged in clinical trials for at-home and/or long-term patient monitoring.

In addition to the Evie Ring and EvieMED Ring, we are developing one of the smallest patented and proprietary System-on-a-Chip ("SoC") designed specifically for blood pressure or continuous glucose monitoring systems ("GCM"). 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. To that end, we are currently conducting a longitudinal study (n=100) to program the effects of stress on blood pressure over time, with results pending. 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.

On April 28, 2021, the Company established Movano Ireland Limited, organized under the laws of Ireland, as a wholly owned subsidiary of the Company.

## Financial Operations Overview

We are an early-stage technology 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 commercial product, the Evie Ring. To date, we have funded our operations primarily from the sale of our equity securities.

We have incurred net losses in each year since inception. Our losses were \$19.1 million and \$23.3 million for the nine months ended September 30, 2024 and 2023, respectively. Substantially all our net losses have resulted from costs incurred in connection with our research and development programs and from sales, general and administrative costs associated with our operations.

As of September 30, 2024, we had \$11.3 million in available cash and cash equivalents.

## Reverse Stock Split

On October 29, 2024, we completed a 1-for-15 reverse stock split of our issued and outstanding common stock. As a result of the Reverse Stock Split, each share of common stock issued and outstanding immediately prior to October 29, 2024 were automatically reclassified and converted into one-fifteenth (1/15th) of a share of common stock. The Reverse Stock Split affected all common stockholders uniformly and did not alter any stockholder's percentage interest in our equity, except to the extent that the Reverse Stock Split resulted in a stockholder of record owning a fractional share. Stockholders of record who were otherwise entitled to receive a fractional share, instead automatically had their fractional shares rounded up to the next whole share. No cash was issued for fractional shares as part of the Reverse Stock Split.

The Reverse Stock Split did not change the par value of the common stock or the authorized number of shares of common stock. Proportionate adjustments were made to the exercise prices and the number of shares underlying our equity plans and grants thereunder, as applicable. The amount of undistributed shares of Common Stock deemed to be covered by our effective registration statements on Forms S-3 and S-8 were proportionately reduced as of the effective time of the Reverse Stock Split at the Reverse Stock Split Ratio. Additionally, proportionate adjustments were made to the exercise prices and the number of shares underlying all outstanding warrants, as required by the terms of these securities.

All common share and per-share amounts in this Form 10-Q have been retroactively restated to reflect the effect of the Reverse Stock Split.

## Critical Accounting Policies and Estimates

The discussion and analysis of our condensed consolidated financial condition and results of operations are based on our condensed consolidated financial statements, which we have prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements as well as the reported revenue and expenses during the reporting periods. On



an ongoing basis, we evaluate our estimates and judgments. We base our estimates on 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.

There have been no material changes in our critical accounting policies and estimates during the three and nine months ended September 30, 2024, as compared to those disclosed in the 2023 Form 10-K.

### Recently Issued and Adopted Accounting Pronouncements

A description of recently adopted and recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2, *Recently Adopted Accounting Pronouncements and Recently Issued Accounting Pronouncements*, to our audited financial statements for the year ended December 31, 2023, and notes thereto, included in the Company's Annual Report on Form 10-K.

See Note 2 to our condensed consolidated financial statements included in Part I, Item 1, "Notes to Condensed Consolidated Financial Statements," of this Quarterly Report on Form 10-Q for a description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations.

### Results of Operations

#### Three and nine months ended September 30, 2024 and 2023

Our condensed consolidated statements of operations for the three and nine months ended September 30, 2024 and 2023 as discussed herein are presented below.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	Change		2024	2023	Change	
			\$	%			\$	%
	(in thousands)				(in thousands)			
Revenue	\$ 50	\$ —	\$ 50	n/a	\$ 902	\$ —	\$ 902	n/a
OPERATING EXPENSES:								
Cost of revenue	845	—	845	n/a	2,440	—	2,440	n/a
Research and development	3,404	5,636	(2,232)	-40%	9,198	13,701	(4,503)	-33%
Sales, general and administrative	3,180	3,443	(263)	-8%	8,794	9,965	(1,171)	-12%
Total operating expenses	7,429	9,079	(1,650)	-18%	20,432	23,666	(3,234)	-14%
Loss from operations	(7,379)	(9,079)	1,700	19%	(19,530)	(23,666)	4,136	17%
Other income (expense), net:								
Interest and other income, net	178	117	61	52%	419	341	78	23%
Other income (expense), net	178	117	61	52%	419	341	78	23%
Net loss	\$ (7,201)	\$ (8,962)	\$ 1,761	20%	\$ (19,111)	\$ (23,325)	\$ 4,214	18%

#### Revenue

Revenue totaled \$50,000 and \$0 for the three months ended September 30, 2024 and 2023, respectively. The transfer of control of the Evie Ring Elements began in the first quarter of 2024, was completed in the second quarter of 2024, then re-started in the third quarter of 2024.

Revenue totaled \$0.9 million and \$0 for the nine months ended September 30, 2024 and 2023, respectively. This increase of \$0.9 million was due to recognition of revenue upon the transfer of control of the Evie Ring Elements, which began in the first quarter of 2024.

#### Cost of revenue

Cost of revenue totaled \$0.8 million and \$0 for the three months ended September 30, 2024 and 2023, respectively. This increase of \$0.8 million was due to the direct costs of \$0.2 million related to the transfer of control of the various Evie Ring Elements, \$0.1 million for labor and related stock-based compensation, and \$0.5 million for inventory that was designated as scrap materials.

Cost of revenue totaled \$2.4 million and \$0 for the nine months ended September 30, 2024 and 2023, respectively. This increase of \$2.4 million was due to the direct costs of \$1.4 million related to the transfer of control of the various Evie Ring Elements, \$0.3 million for labor and related stock-based compensation, \$0.1 million for order processing, shipping and fulfillment costs, and \$0.6 million for inventory that was designated as scrap materials.

#### Research and Development

Research and development expenses totaled \$3.4 million and \$5.6 million for the three months ended September 30, 2024 and 2023, respectively. This decrease of \$2.2 million was due primarily to lower research and laboratory expenses and other professional fees. Research and development expenses for the three months ended September 30, 2024 included expenses related to employee compensation of \$1.8 million, other professional fees of \$1.1 million, research and laboratory expenses of \$0.3 million, and other expenses of \$0.2 million. 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 totaled \$9.2 million and \$13.7 million for the nine months ended September 30, 2024 and 2023, respectively. This

decrease of \$4.4 million was due primarily to lower research and laboratory expenses and other professional fees. Research and development expenses for the nine months ended September 30, 2024 included expenses related to employee compensation of \$5.0 million, other professional fees of \$2.4 million, research and laboratory expenses of \$1.2 million, and other expenses of \$0.6 million. 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.

#### Sales, General and Administrative

Sales, general and administrative expenses totaled \$3.2 million and \$3.4 million for the three months ended September 30, 2024 and 2023, respectively. This decrease of \$0.2 million was due primarily to lower headcount with respect to sales, general and administrative employees and decreased marketing costs, offset by increased stock compensation expenses related to the issuance of new option grants. Sales, general and administrative expenses for the three months ended September 30, 2024 included expenses related to employee and board of director compensation of \$1.8 million, professional and consulting fees of \$0.8 million, and other expenses of \$0.6 million. 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 totaled \$8.8 million and \$10.0 million for the nine months ended September 30, 2024 and 2023, respectively. This decrease of \$1.2 million was due primarily to lower Company headcount with respect to sales, general and administrative employees and decreased marketing costs, offset by increased stock compensation expenses related to the issuance of new option grants. Sales, general and administrative expenses for the nine months ended September 30, 2024 included expenses related to employee and board of director compensation of \$4.8 million, professional and consulting fees of \$2.3 million, and other expenses of \$1.7 million. 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.

#### Loss from Operations

Loss from operations was \$7.4 million for the three months ended September 30, 2024, as compared to \$9.1 million for the three months ended September 30, 2023.

Loss from operations was \$19.5 million for the nine months ended September 30, 2024, as compared to \$23.7 million for the nine months ended September 30, 2023.

#### Other Income (Expense), Net

Other income (expense), net for the three months ended September 30, 2024 was a net other income of \$0.2 million as compared to a net other income of \$0.1 million for the three months ended September 30, 2023. The increase of \$0.1 million is attributable to interest income on the additional funds that were received from the April 2024 Private Placement.

Other income (expense), net for the nine months ended September 30, 2024 was a net other income of \$0.4 million as compared to a net other income of \$0.3 million for the nine months ended September 30, 2023. The increase of \$0.1 million is attributable to interest income on the additional funds that were received from the April 2024 Private Placement.

#### Net Loss

As a result of the foregoing, net loss was \$7.2 million for the three months ended September 30, 2024, as compared to \$9.0 million for the three months ended September 30, 2023.

As a result of the foregoing, net loss was \$19.1 million for the nine months ended September 30, 2024, as compared to \$23.3 million for the nine months ended September 30, 2023.

#### **Liquidity and Capital Resources**

At September 30, 2024, we had cash and cash equivalents totaling \$11.3 million. During the nine months ended September 30, 2024, we used \$18.0 million of cash in our operating activities. 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") 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. During the nine months ended September 30, 2024, we sold an aggregate of 99,061 shares of common stock through the ATM program for proceeds of approximately \$0.6 million, net of commissions paid. Approximately \$43.7 million remained available on the ATM equity offering program at September 30, 2024.

On April 2, 2024, the Company entered into a securities purchase agreement for the private placement of an aggregate of 3,015,172 units with each unit consisting of (1) one share of the Company's common stock or at the election of the purchaser a pre-funded warrant, and (2) one warrant to purchase one share of common stock. The purchase price paid for each unit was \$8.00. Certain directors and officers participated and purchased 19,168 units at an offering price of \$8.48 per unit.

Each pre-funded warrant has an exercise price of \$0.015 per share, was immediately exercisable on the date of issuance and does not expire. Each warrant has an exercise price equal to \$6.11 per share, was exercisable immediately and expires on the fifth anniversary of the initial exercise date of the warrant. The warrants issued to the Company's officers and directors have an exercise price equal to \$6.60.

The private placement transaction closed on April 5, 2024, resulting in gross proceeds to the Company of approximately \$24.1 million, before deducting offering fees and expenses of approximately \$1.5 million.

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:

	Nine Months Ended September 30,	
	2024	2023
Net cash used in operating activities	\$ (17,978)	\$ (20,928)
Net cash used in investing activities	(3)	(51)
Net cash provided by financing activities	23,135	17,889
Net increase / (decrease) in cash and cash equivalents	\$ 5,154	\$ (3,090)

#### **Operating Activities**

During the nine months ended September 30, 2024, the Company used cash of \$18.0 million in operating activities, as compared to \$20.9 million used in operating activities during the nine months ended September 30, 2023.

The \$18.0 million used in operating activities during the nine months ended September 30, 2024 was primarily attributable to our net loss of \$19.1 million during the period. The net loss was offset by changes in our operating assets and liabilities totaling \$1.9 million and by non-cash items, including stock-based compensation, totaling \$3.0 million.

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 and amortization of \$0.1 million.

#### **Investing Activities**

During the nine months ended September 30, 2024 the Company used cash of \$3,000 in investing activities, consisting of purchases of property and equipment.

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.

#### **Financing Activities**

During the nine months ended September 30, 2024, the Company was provided cash of \$23.1 million which included net proceeds \$22.6 million from the issuance of common stock, pre-funded warrants and common stock warrants, and net proceeds of \$0.5 million for the issuance of common stock through the ATM activity and the exercise of common stock options.

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 for the issuance of common stock through the ATM activity and \$0.1 million from the issuance of common stock upon the exercise of common stock options.

#### **Off-Balance Sheet Transactions**

At September 30, 2024, the Company did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

#### **Non-cancelable Obligations**

The Company did not have any non-cancelable obligations at September 30, 2024.

### **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, 2024, 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 2023 Form 10-K, we identified one material weakness in our internal control over financial reporting at December 31, 2023 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, 2024 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 risk factor included below and 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 2023 Form 10-K. Except as disclosed below, we believe that there have been no material changes to the risk factors described in the 2023 Form 10-K.

#### ***Our failure to meet the continued listing requirements of Nasdaq could result in a de-listing of our common stock.***

Our common stock is currently traded on the Nasdaq Stock Market ("Nasdaq"). On November 14, 2023, we were notified by Nasdaq that because the closing bid price for the Company's common stock listed on Nasdaq was below \$1.00 for 30 consecutive trading days, the Company no longer meets the minimum bid price requirement for continued listing on The Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(a)(2), requiring a minimum bid price of \$1.00 per share (the "Minimum Bid Price Requirement"). On May 15, 2024, since the Company did not regain compliance by May 13, 2024, the Company requested, and was granted, an additional 180 calendar days to regain compliance with Bid Price Requirement expiring November 11, 2024.

On October 29, 2024, the Company completed a 1-for-15 Reverse Stock Split of its issued and outstanding common stock. On November 12, 2024, the Company was notified by Nasdaq that it had regained compliance with the Minimum Bid Price Requirement. Even though the Company is now in compliance with continued listing requirements of Nasdaq, any future failure of the Company to satisfy such requirements could result in Nasdaq taking steps to delist the Company's common stock. Such a delisting would likely have a negative effect on the price of the Company's common stock and would impair shareholders' ability to sell or purchase the Company's common stock. In the event of a delisting, the Company would take actions to restore its compliance with Nasdaq's listing requirements, but the Company can provide no assurance that any such action taken by the Company would allow its common stock to become listed again, stabilize the market price or improve the liquidity of the Company's common stock, prevent the Company's common stock from dropping below the Nasdaq minimum bid price requirement or prevent future non-compliance with Nasdaq's listing requirements.

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

Not applicable.

### **Item 3. Defaults Upon Senior Securities**

Not applicable.

### **Item 4. Mine Safety Disclosures**

Not applicable.

## Item 5. Other Information

### Rule 10b5-1 Trading Plans

During the third quarter of 2024, none of the Company's directors or executive officers adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

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## Item 6. Exhibits

Exhibit Number	Description
3.1	<a href="#">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)</a>
3.2	<a href="#">Certificate of Amendment to 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 July 10, 2024)</a>
3.3	<a href="#">Certificate of Amendment to 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 October 25, 2024)</a>
3.4	<a href="#">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)</a>
4.1	<a href="#">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)</a>
4.2	<a href="#">Form of Underwriter Warrant (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-1 filed on March 10, 2021)</a>
4.3	<a href="#">Form of Amended and Restated Warrant to Purchase Common Stock issued to the placement agent in the Registrant's 2018 private placement offering (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-1 filed on February 2, 2021)</a>
4.4	<a href="#">Form of Amended and Restated Warrant to Purchase Common Stock issued to the placement agent in the Registrant's 2019 private placement offering (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-1 filed on February 2, 2021)</a>
4.6	<a href="#">Form of Warrant to Purchase Common Stock issued in 2020 (incorporated by reference to Exhibit 4.6 to the Registrant's Registration Statement on Form S-1 filed on February 2, 2021)</a>
4.7	<a href="#">Form of Warrant to Purchase Common Stock issued in 2023 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on January 31, 2023)</a>
4.8	<a href="#">Warrant Agent Agreement, dated January 31, 2023, by and between the Registrant and Pacific Stock Transfer Company (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on January 31, 2023)</a>
4.9	<a href="#">Form of Pre-Funded Warrant issued in April 2024 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on April 3, 2024)</a>
4.10	<a href="#">Form of Warrant issued in April 2024 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on April 3, 2024)</a>
4.11*	<a href="#">Form of Warrant issued in August 2024</a>
31.1	<a href="#">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)</a>
31.2	<a href="#">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)</a>
32.1	<a href="#">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)</a>
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).

\* Filed herewith.

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## 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.

### MOVANO INC.

Date: November 14, 2024

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

### MOVANO INC.

Date: November 14, 2024

By: /s/ J. Cogan  
J. Cogan  
Chief Financial Officer



## WARRANT

NEITHER THESE SECURITIES NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) AND APPLICABLE STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (I) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (II) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

## MOVANO INC.

## WARRANT TO PURCHASE COMMON STOCK

Warrant No. CSW-[ ]

Issue Date: August [ ], 2024

Movano Inc., a Delaware corporation (the “**Company**”), hereby certifies that, for value received, [ ], or permitted registered assigns (the “**Holder**”), is entitled to purchase from the Company shares of common stock, \$0.0001 par value (the “**Common Stock**”), of the Company (each such share, a “**Warrant Share**” and all such shares, the “**Warrant Shares**”) as determined in accordance with the terms herein, at the Exercise Price (as defined below) at any time and from time to time from on or after the date hereof (the “**Trigger Date**”) and through and including 5:00 P.M., prevailing Pacific time, on August [ ], 2029 (the “**Expiration Date**”), and subject to the following terms and conditions:

This Warrant (this “**Warrant**”) is issued pursuant to that certain engagement letter between the Company and Allele Capital Partners LLC (this “**Engagement Letter**”).

1. Definitions. In addition to the terms defined elsewhere in this Warrant, capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Engagement Letter.

2. Exercise Price. For purposes of this Warrant, the “**Exercise Price**” shall be equal to \$0.407 (as adjusted from time to time as provided in Section 11 herein).

3. Number of Warrant Shares. The aggregate number of Warrant Shares acquirable upon the exercise of this Warrant shall be equal to [ ] shares of Common Stock (as adjusted from time to time as provided in Section 11 herein).

4. Registration of Warrants. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the “**Warrant Register**”), in the name of the record Holder (which shall include the initial Holder or, as the case may be, any registered assignee to which this Warrant is permissibly assigned hereunder) from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

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5. Transfers. The Company shall register the transfer of all or any portion of this Warrant in the Warrant Register, upon (i) surrender of this Warrant, with the Form of Assignment attached as Schedule 2 hereto duly completed and signed, to the Company's transfer agent or to the Company at its address specified herein (ii) delivery, at the request of the Company, of an opinion of counsel reasonably satisfactory to the Company to the effect that the transfer of such portion of this Warrant may be made pursuant to an available exemption from the registration requirements of the Securities Act of 1933 (“**Securities Act**”) and all applicable state securities or blue sky laws and (iii) delivery by the transferee of a written statement to the Company certifying that the transferee is an “accredited investor” as defined in Rule 501(a) under the Securities Act and making the representations and certifications as the Company may reasonably request to procure an exemption from Section 5 of the Securities Act. Upon any such registration or transfer, a new warrant to purchase Common Stock in substantially the form of this Warrant (any such new warrant, a “**New Warrant**”) evidencing the portion of this Warrant so transferred shall be issued to the transferee, and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations of a Holder of a Warrant.

6. Exercise and Duration of Warrants.

(a) All or any part of this Warrant shall be exercisable by the registered Holder at any time and from time to time on or after the Trigger Date and through and including 5:00 P.M. prevailing Pacific time on the Expiration Date. At 5:00 P.M., prevailing Pacific time, on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value and this Warrant shall be terminated and no longer outstanding.

(b) The Holder may exercise this Warrant by delivering to the Company (i) an exercise notice, in the form attached as Schedule 1 hereto (the “**Exercise Notice**”), appropriately completed and duly signed, (ii) payment of the Exercise Price for the number of Warrant Shares as to which this Warrant is being exercised (which may take the form of a “cashless exercise” if so indicated in the Exercise Notice and if a “cashless exercise” may occur at such time pursuant to Section 12 below), and the date such items are delivered to the Company (as determined in accordance with the notice provisions hereof) is an “**Exercise Date**.” The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder, but shall do so reasonably shortly thereafter. Execution and delivery of the Exercise Notice shall have the same effect as cancellation of the original Warrant and issuance of a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

(c) The Holder may not exercise this Warrant at any time that Holder is unable to establish to the Company's reasonable satisfaction that the exercise complies with an exemption from the registration provisions of Section 5 of the Securities Act.

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7. Delivery of Warrant Shares. Upon exercise of this Warrant, the Company shall promptly issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate a certificate for the Warrant Shares issuable upon such exercise, with an appropriate restrictive legend. The Holder, or any Person permissibly so designated by the Holder to receive Warrant Shares, shall be deemed to have become the holder of record of such Warrant Shares as of the Exercise Date.

8. Charges, Taxes and Expenses. Issuance and delivery of certificates for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any issue or transfer tax, transfer agent fee or other incidental tax or expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; *provided, however*, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder or an Affiliate thereof. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

9. Replacement of Warrant. If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction (in such case) and, in each case, a customary and reasonable indemnity (which shall not include a surety bond), if requested. Applicants for a New Warrant under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Company may prescribe. If a New Warrant is requested as a result of a mutilation of this Warrant, then the Holder shall deliver such mutilated Warrant to the Company as a condition precedent to the Company's obligation to issue the New Warrant.

10. Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other contingent purchase rights of persons other than the Holder (taking into account the adjustments and restrictions of Section 11). The Company covenants that all Warrant Shares so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable. The Company will take all such action as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any securities exchange or automated quotation system upon which the Common Shares may be listed.

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11. Certain Adjustments. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 11.

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding, (i) pays a stock dividend on its Common Stock or otherwise makes a distribution on any class of capital stock that is payable in shares of Common Stock, (ii) subdivides its outstanding shares of Common Stock into a larger number of shares, or (iii) combines its outstanding shares of Common Stock into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately before such event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination.

(b) Fundamental Transactions. If, at any time while this Warrant is outstanding (i) the Company effects any merger or consolidation of the Company with or into another Person, in which the Company is not the survivor, (ii) the Company effects any sale of all or substantially all of its assets or a majority of its Common Stock is acquired by a third party, in each case, in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which all or substantially all of the holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Common Stock covered by Section 11(a) above) (in any such case, a "**Fundamental Transaction**"), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant (including payment of the Exercise Price), the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant without regard to any limitations on exercise contained herein (the "**Alternate Consideration**"). The Company shall not effect any such Fundamental Transaction unless prior to or simultaneously with the consummation thereof, any successor to the Company, surviving entity or the corporation purchasing or otherwise acquiring such assets or other appropriate corporation or entity shall assume the obligation to deliver to the Holder, such Alternate Consideration as, in accordance with the foregoing provisions, the Holder may be entitled to purchase and/or receive (as the case may be), and the other obligations under this Warrant. The provisions of this paragraph (c) shall similarly apply to subsequent transactions analogous to a Fundamental Transaction.

(c) Number of Warrant Shares. Simultaneously with any adjustment to the Exercise Price pursuant to paragraph (a) of this Section, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the increased or decreased number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment.

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(d) Calculations. All calculations under this Section 11 shall be made to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the sale or issuance of any such shares shall be considered an issue or sale of Common Stock.

(e) Notice of Adjustments. Upon the occurrence of each adjustment pursuant to this Section 11, the Company at its expense will, at the written request of the Holder, promptly compute such adjustment, in good faith, in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Warrant Shares or other securities issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Company will promptly deliver a copy of each such certificate to the Holder and to the Company's transfer agent.



(f) Notice of Corporate Events. If, while this Warrant is outstanding, the Company (i) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including, without limitation, any granting of rights or warrants to subscribe for or purchase any capital stock of the Company, (ii) authorizes or approves, enters into any agreement contemplating or solicits stockholder approval for any Fundamental Transaction or (iii) authorizes the voluntary dissolution, liquidation or winding up of the affairs of the Company, then, except if such notice and the contents thereof shall be deemed to constitute material non-public information, the Company shall deliver to the Holder a notice describing the material terms and conditions of such transaction at least ten (10) Trading Days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction, and the Company will take all steps reasonably necessary in order to insure that the Holder is given the practical opportunity to exercise this Warrant prior to such time so as to participate in or vote with respect to such transaction; *provided, however*, that the failure to deliver such notice or any defect therein shall not affect the validity of the corporate action required to be described in such notice.

12. Payment of Exercise Price. The Holder shall pay the Exercise Price in immediately available funds; *provided, however*, that if at the time of exercise hereof there is no effective registration statement registering, or the prospectus contained therein is not available for the resale of the Warrant Shares by the Holder, then Holder may satisfy its obligation to pay the Exercise Price through a "cashless exercise", in which event the Company shall issue to the Holder the number of Warrant Shares determined as follows:

$$X = Y [(A-B)/A]$$

where:

X = the number of Warrant Shares to be issued to the Holder.

Y = the total number of Warrant Shares with respect to which this Warrant is being exercised.

A = the average of the Closing Sale Prices of the shares of Common Stock for the five Trading Days ending on the date immediately preceding the Exercise Date.

B = the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

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For purposes of this Warrant, "**Closing Sale Price**" means, for any security as of any date, the last trade price for such security on the principal securities exchange or trading market for such security, as reported by Bloomberg Financial Markets, or, if such exchange or trading market begins to operate on an extended hours basis and does not designate the last trade price, then the last trade price of such security prior to 4:00:00 p.m., New York Time, as reported by Bloomberg Financial Markets, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg Financial Markets, or, if no last trade price is reported for such security by Bloomberg Financial Markets, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the "**pink sheets**" by Pink Sheets LLC. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then the Company shall, within two business days submit via facsimile (a) the disputed determination of the Warrant Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten business days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the date this Warrant was originally issued pursuant to the Engagement Letter (provided that the Commission continues to take the position that such treatment is proper at the time of such exercise).

13. No Settlement in Cash. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 6(b), in no event shall the Company be required to net cash settle an exercise of this Warrant.

14. No Fractional Shares. No fractional Warrant Shares will be issued in connection with any exercise of this Warrant. In lieu of any fractional shares which would otherwise be issuable, the number of Warrant Shares to be issued shall be rounded up to the next whole number.

15. Notices. Any and all notices or other communications or deliveries hereunder (including, without limitation, any Exercise Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via email at the email address specified in the Engagement Agreement prior to 5:00 p.m. (prevailing Pacific time) on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via email at the email address specified in the Engagement Agreement on a day that is not a Trading Day or later than 5:00 p.m. (prevailing Pacific time) on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service specifying next business day delivery, or (iv) upon actual receipt by the party to whom such notice is required to be given, if by hand delivery. The address and facsimile number of a party for such notices or communications shall be as set forth in the Engagement Agreement unless changed by such party by two Trading Days' prior notice to the other party in accordance with this Section 15.

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16. Warrant Agent. The Company shall serve as warrant agent under this Warrant. Upon thirty (30) days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or shareholders' services business shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

17. [Reserved].

18. Miscellaneous.

(a) The Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, amalgamation, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

(b) Subject to the restrictions on transfer set forth on the first page hereof, and compliance with applicable securities laws, this Warrant may be assigned by the Holder. This Warrant may not be assigned by the Company except to a successor in the event of a Fundamental Transaction. This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. Subject to the preceding sentence, nothing in this Warrant shall be construed to give to any Person other than the Company and the Holder any legal or equitable right, remedy or cause of action under this Warrant. This Warrant may be amended only in writing signed by the Company and the holders of a majority of the Warrant Shares then underlying any warrants that remain outstanding and unexercised and that were issued to the holder thereof due to the assignment of the original Warrant.

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(c) GOVERNING LAW; VENUE; WAIVER OF JURY TRIAL. ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HERewith OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN (INCLUDING WITH RESPECT TO THE ENFORCEMENT OF ANY OF THE TRANSACTION DOCUMENTS), AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, THAT SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF VIA REGISTERED OR CERTIFIED MAIL OR OVERNIGHT DELIVERY (WITH EVIDENCE OF DELIVERY) TO SUCH PARTY AT THE ADDRESS IN EFFECT FOR NOTICES TO IT UNDER THE ENGAGEMENT LETTER AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. THE COMPANY HEREBY WAIVES ALL RIGHTS TO A TRIAL BY JURY.

(d) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(e) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby, and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

(f) Except as otherwise set forth herein, prior to exercise of this Warrant, the Holder hereof shall not, by reason of by being a Holder, be entitled to any rights of a stockholder with respect to the Warrant Shares.

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IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

"Company"

Movano Inc.

By: \_\_\_\_\_

J. Cogan  
Chief Financial Officer

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#### SCHEDULE 1

#### FORM OF EXERCISE NOTICE

(To be executed by the Holder to exercise the right to purchase shares of Common Stock under the foregoing Warrant)

Ladies and Gentlemen:

(1) The undersigned is the Holder of Warrant No. \_\_\_\_\_ (the "**Warrant**") issued by Movano Inc. (the "**Company**"). Capitalized terms used herein and not otherwise defined herein have the respective meanings set forth in the Warrant.

(2) The undersigned hereby exercises its right to purchase \_\_\_\_\_ Warrant Shares pursuant to the Warrant.

(3) The Holder intends that payment of the Exercise Price shall be made as (check one):

☐ Cash Exercise

☐ "Cashless Exercise" under Section 12

(4) If the Holder has elected a Cash Exercise, the Holder shall pay the sum of \$\_\_\_\_\_ in immediately available funds to the Company in accordance with the terms of the Warrant.

(5) Pursuant to this Exercise Notice, the Company shall deliver to the Holder \_\_\_\_\_ Warrant Shares in accordance with the terms of the Warrant.

Dated: \_\_\_\_\_, \_\_\_\_\_

[Company]

By: \_\_\_\_\_

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

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## SCHEDULE 2

### FORM OF ASSIGNMENT

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (the "**Transferee**") the right represented by the within Warrant to purchase \_\_\_\_\_ shares of Common Stock of Movano Inc. (the "**Company**") to which the within Warrant relates and appoints \_\_\_\_\_ attorney to transfer said right on the books of the Company with full power of substitution in the premises. In connection therewith, the undersigned represents, warrants, covenants and agrees to and with the Company that:

- (a) the offer and sale of the Warrant contemplated hereby is being made in compliance with Section 4(a)(1) of the United States Securities Act of 1933, as amended (the "**Securities Act**") or another valid exemption from the registration requirements of Section 5 of the Securities Act and in compliance with all applicable securities laws of the states of the United States;
- (b) the undersigned has not offered to sell the Warrant by any form of general solicitation or general advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, and any seminar or meeting whose attendees have been invited by any general solicitation or general advertising;
- (c) the undersigned has read the Transferee's investment letter included herewith, and to its actual knowledge, the statements made therein are true and correct; and
- (d) the undersigned understands that the Company may condition the transfer of the Warrant contemplated hereby upon the delivery to the Company by the undersigned or the Transferee, as the case may be, of a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable securities laws of the states of the United States.

(Continued on Next Page)

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Dated: \_\_\_\_\_, \_\_\_\_\_

[Company]

Address of Transferee

By: \_\_\_\_\_

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

In the presence of:

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**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, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal 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, 2024

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

**CERTIFICATION OF THE PRINCIPAL FINANCIAL 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, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal 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, 2024

By: /s/ J. Cogan  
J. Cogan  
Chief Financial Officer  
(Principal Financial Officer and Principal 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 on Form 10-Q of Movano Inc. (the "Company") for the period ended September 30, 2024 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, to our knowledge 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

Name: John Mastrototaro  
Title: Chief Executive Officer  
(Principal Executive Officer)

Date: November 14, 2024

/s/ J. Cogan

Name: J. Cogan  
Title: Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

Date: November 14, 2024