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, 2022

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	**26-0579295**
(State of incorporation)	*(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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 11, 2022, there were 33,616,189 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, 2022

INDEX

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 15,945	$ 17,675
Short-term investments	822	15,921
Payroll tax credit, current portion	379	166
Prepaid expenses and other current assets	942	1,296
Total current assets	18,088	35,058
Property and equipment, net	460	529
Payroll tax credit, noncurrent portion	417	630
Other assets	488	48
Total assets	$ 19,453	$ 36,265
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 621	$ 311
Other current liabilities	3,746	2,907
Total current liabilities	4,367	3,218
Noncurrent liabilities:		
Early exercised stock option liability	171	281
Other noncurrent liabilities	258	36
Total noncurrent liabilities	429	317
Total liabilities	4,796	3,535
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $0.0001 par value, 5,000,000 shares authorized at September 30, 2022 and December 31, 2021; no shares issued and outstanding at September 30, 2022 and December 31, 2021	—	—
Common stock, $0.0001 par value, 75,000,000 shares authorized at September 30, 2022 and December 31, 2021; 33,492,251 and 32,772,060 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	3	3
Additional paid-in capital	101,829	97,506
Accumulated other comprehensive loss	(5)	(11)
Accumulated deficit	(87,170)	(64,768)
Total stockholders' equity	14,657	32,730
Total liabilities and stockholders' equity	$ 19,453	$ 36,265

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
OPERATING EXPENSES:				
Research and development	$ 5,146	$ 3,803	$ 13,849	$ 8,928
General and administrative	3,511	1,376	8,592	4,563
Total operating expenses	8,657	5,179	22,441	13,491
Loss from operations	(8,657)	(5,179)	(22,441)	(13,491)
Other income (expense), net:				
Interest expense	—	—	—	(883)
Change in fair value of warrant liability	—	—	—	(1,581)
Change in fair value of derivative liability	—	—	—	121
Forgiveness of Paycheck Protection Program Loan	—	—	—	351
Interest and other income, net	55	6	39	15
Other income (expense), net	55	6	39	(1,977)
Net loss	(8,602)	(5,173)	(22,402)	(15,468)
Accretion and dividends on redeemable convertible preferred stock	—	—	—	(2,489)
Net loss attributable to common stockholders	$ (8,602)	$ (5,173)	$ (22,402)	$ (17,957)
Net loss	$ (8,602)	$ (5,173)	$ (22,402)	$ (15,468)
Other comprehensive loss:				
Change in unrealized gain (loss) on available-for-sale securities	7	(2)	(3)	(3)
Total comprehensive loss	$ (8,595)	$ (5,175)	$ (22,405)	$ (15,471)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.26)	$ (0.16)	$ (0.68)	$ (0.74)
Weighted average shares used in computing net loss per share attributable to common stockholders, basic and diluted	32,949,649	32,268,890	32,829,940	24,200,475

See accompanying notes to condensed consolidated financial statements.

Movano Inc.
Condensed Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity
(in thousands, except share data)
(Unaudited)

	Redeemable Convertible Preferred Stock									
	Series A		Series B		Common Stock		Additional Paid-In	Other Comprehensive	Accumulated	Total Stockholders'
Three Months Ended September 30, 2022	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	Equity
Balance at June 30, 2022	—	$ —	—	$ —	32,818,060	$ 3	$ 99,077	$ (15)	$ (78,569)	$ 20,497
Stock-based compensation	—	—	—	—	—	—	797	—	—	797
Issuance of common stock, net of issuance costs	—	—	—	—	673,191	—	1,921	—	—	1,921
Issuance of common stock upon exercise of options	—	—	—	—	1,000	—	—	—	—	—
Vesting of early exercised stock options	—	—	—	—	—	—	34	—	—	34
Other comprehensive gain	—	—	—	—	—	—	—	10	—	10
Net loss	—	—	—	—	—	—	—	—	(8,602)	(8,602)
Balance at September 30, 2022	—	$ —	—	$ —	33,492,251	$ 3	$ 101,829	$ (5)	$ (87,170)	$ 14,657

	Redeemable Convertible Preferred Stock							Accumulated		
	Series A		Series B		Common Stock		Additional Paid-In	Other Comprehensive	Accumulated	Total Stockholders'
Three Months Ended September 30, 2021	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	Equity
Balance at June 30, 2021	—	$ —	—	$ —	32,772,060	$ 3	$ 96,258	$ (1)	$ (53,290)	$ 42,970
Stock-based compensation	—	—	—	—	—	—	552	—	—	552
Vesting of early exercised stock options	—	—	—	—	—	—	35	—	—	35
Other comprehensive loss	—	—	—	—	—	—	—	(2)	—	(2)
Net loss	—	—	—	—	—	—	—	—	(5,173)	(5,173)
Balance at September 30, 2021	—	$ —	—	$ —	32,772,060	$ 3	$ 96,845	$ (3)	$ (58,463)	$ 38,382

	Redeemable Convertible Preferred Stock									
	Series A		Series B		Common Stock		Additional Paid-In	Other Comprehensive	Accumulated	Total Stockholders'
Nine Months Ended September 30, 2022	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	Equity
Balance at December 31, 2021	—	$ —	—	$ —	32,772,060	$ 3	$ 97,506	$ (11)	$ (64,768)	$ 32,730
Stock-based compensation	—	—	—	—	—	—	2,273	—	—	2,273
Issuance of common stock, net of issuance costs	—	—	—	—	673,191	—	1,921	—	—	1,921
Issuance of common stock upon exercise of options	—	—	—	—	47,000	—	19	—	—	19
Vesting of early exercised stock options	—	—	—	—	—	—	110	—	—	110
Other comprehensive gain	—	—	—	—	—	—	—	6	—	6
Net loss	—	—	—	—	—	—	—	—	(22,402)	(22,402)
Balance at September 30, 2022	—	$ —	—	$ —	33,492,251	$ 3	$ 101,829	$ (5)	$ (87,170)	$ 14,657

	Redeemable Convertible Preferred Stock									
	Series A		Series B		Common Stock		Additional Paid-In	Other Comprehensive	Accumulated	Total Stockholders' Equity
Nine Months Ended September 30, 2021	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	(Deficit)
Balance at December 31, 2020	2,692,253	$ 13,856	4,942,319	$ 18,962	6,393,069	$ 1	$ —	$ —	$ (40,881)	$ (40,880)
Stock-based compensation	—	—	—	—	—	—	1,247	—	—	1,247
Accretion of Series A and Series B redeemable convertible preferred stock	—	686	—	1,803	—	—	(2,489)	—	—	(2,489)
Issuance of common stock upon exercise of options	—	—	—	—	134,541	—	49	—	—	49
Vesting of early exercised stock options	—	—	—	—	—	—	109	—	—	109
Reclassification of negative additional paid-in capital	—	—	—	—	—	—	2,114	—	(2,114)	—
Conversion of preferred stock to common stock upon initial public offering, net of issuance costs	(2,692,253)	(14,542)	(4,942,319)	(20,765)	11,436,956	1	35,306	—	—	35,307
Issuance of common stock upon initial public offering, net of issuance costs	—	—	—	—	9,775,000	1	41,924	—	—	41,925
Issuance of underwriter warrants upon initial public offering	—	—	—	—	—	—	2,349	—	—	2,349
Reclassification of liability-classified warrants upon initial public offering	—	—	—	—	—	—	3,130	—	—	3,130
Conversion of convertible promissory notes and accrued interest upon initial public offering	—	—	—	—	5,015,494	—	12,550	—	—	12,550
Issuance of common stock for nonemployee services	—	—	—	—	17,000	—	85	—	—	85
Beneficial conversion feature upon issuance of convertible promissory note	—	—	—	—	—	—	471	—	—	471
Other comprehensive loss	—	—	—	—	—	—	—	(3)	—	(3)
Net loss	—	—	—	—	—	—	—	—	(15,468)	(15,468)
Balance at September 30, 2021	—	$ —	—	$ —	32,772,060	$ 3	$ 96,845	$ (3)	$ (58,463)	$ 38,382

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (22,402)	$ (15,468)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	109	40
Forgiveness of Paycheck Protection Program loan	—	(351)
Stock-based compensation	2,273	1,247
Noncash lease expense	(9)	—
Accretion of debt discount on convertible promissory notes	—	772
Accrued interest on convertible promissory notes	—	115
Accretion of discount on short-term investments	101	111
Non-employee services under convertible promissory notes	—	50
Compensation of non-employee services upon issuance of common stock	—	74
Change in fair value of derivative liability	—	(121)
Change in fair value of warrant liability	—	1,581
Loss on disposal of property and equipment	44	—
Changes in operating assets and liabilities:		
Payroll tax credit	—	88
Prepaid expenses and other current assets	354	(672)
Other assets	(6)	(47)
Accounts payable	310	115
Other current and noncurrent liabilities	636	1,399
Net cash used in operating activities	(18,590)	(11,067)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(84)	(322)
Purchases of short-term investments	—	(23,312)
Maturities of short-term investments	15,004	1,029
Net cash provided by (used in) investing activities	14,920	(22,605)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock – net of issuance costs	1,921	—
Issuance of common stock upon exercise of stock options	19	76
Proceeds from issuance of shares upon Initial Public Offering - net of issuance costs	—	45,019
Net cash provided by financing activities	1,940	45,095
Net (decrease) increase in cash and cash equivalents	(1,730)	11,423
Cash and cash equivalents at beginning of period	17,675	5,710
Cash and cash equivalents at end of period	$ 15,945	$ 17,133
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Accretion of Series A redeemable convertible preferred stock	$ —	$ 686
Accretion of Series B redeemable convertible preferred stock	$ —	$ 1,803
Conversion of preferred stock to common stock upon initial public offering	$ —	$ 35,307
Reclassification of liability-classified warrants upon initial public offering	$ —	$ 3,130
Issuance of underwriter warrants upon initial public offering	$ —	$ 2,349
Issuance of convertible promissory notes for completion of non-employee services	$ —	$ 500
Beneficial conversion feature upon issuance of convertible promissory note	$ —	$ 471
Conversion of convertible promissory notes upon initial public offering	$ —	$ 12,550
Vesting of common stock issued upon early exercise	$ 110	$ 109
Issuance of common stock for non-employee services	$ —	$ 11
Reclassification of deferred offering costs upon initial public offering	$ —	$ 497
Property and equipment purchases in account payable	$ —	$ 180

See accompanying notes to condensed consolidated financial statements.

Movano Inc.
Notes to Condensed Consolidated Financial Statements
For the three months and nine months ended September 30, 2022 and 2021
(Unaudited)

NOTE 1 – BUSINESS ORGANIZATION, NATURE OF OPERATIONS

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

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

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

Since inception, the Company has engaged in only limited research and development of product candidates and underlying technology. As of September 30, 2022, the Company had not yet completed the development of its product and had not yet recorded any revenues.

In December 2019, a novel coronavirus and the resulting disease ("COVID-19") was reported, and in January 2020, the World Health Organization ("WHO") declared it a Public Health Emergency of International Concern. In February 2020, the WHO raised its assessment of the COVID-19 threat from high to very high at a global level due to the continued increase in the number of cases and affected countries, and in March 2020, the WHO characterized COVID-19 as a pandemic. The Company is continuing to ascertain the long-term impact of the COVID-19 pandemic on its business, but given the uncertainty about the situation, the Company cannot estimate the impact to its financial statements from the economic crisis arising from COVID-19.

The Company's Registration Statement on Form S-1, as amended (Reg. No. 333-252671), was declared effective by the U.S. Securities and Exchange Commission (the "SEC") on March 23, 2021. The registration statement registered the securities offered in the Company's initial public offering ("IPO"). In the IPO, the Company sold 9,775,000 shares of common stock at a price to the public of $5.00 per share, including the full exercise of the underwriters' option to purchase additional shares. The IPO closed on March 25, 2021 and the underwriters exercised their overallotment option as of March 25, 2021, as a result of which the Company raised net proceeds of $44.3 million after deducting $3.3 million in underwriting discounts, commissions, and expenses and $1.3 million in offering expenses paid by the Company. National Securities Corporation ("NSC") was the underwriter for the IPO, and also received a warrant related to the IPO, which is discussed in Note 10. No portion of the net proceeds from the IPO were used for payments made by the Company to its directors or officers or persons owning ten percent or more of its common stock or to their associates, or to the Company's affiliates, other than payments in the ordinary course of business to officers for salaries and to nonemployee directors as compensation for board or board committee service.

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, 2022, the Company has relied primarily on the proceeds from equity offerings to finance its operations. Through September 30, 2022, the Company has received proceeds of approximately $1.9 million from an at-the-market issuance program, and an aggregate offering price amount of approximately $48 million remains available to be issued. (See Note 9.) 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 interim 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 $87.2 million as of September, 2022. 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 interim condensed consolidated financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary and have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. The unaudited condensed consolidated financial statements have been prepared on the same basis as the annual financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation. Intercompany transactions are eliminated in the condensed consolidated financial statements. These financial statements should be read in conjunction with the audited financial statements and notes thereto for the preceding fiscal year contained in the Company's Annual Report on Form 10-K filed on March 30, 2022 with the United States Securities and Exchange Commission (the SEC).

The results of operations for the three and nine months ended September, 2022 are not necessarily indicative of the results to be expected for the year ending December 31, 2022. The condensed consolidated balance sheet as of December 31, 2021 has been derived from audited financial statements at that date but does not include all the information required by GAAP for complete financial statements.

Use of Estimates

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

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

Segment Information

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

Cash, Cash Equivalents and Short-term Investments

The Company invests its excess cash primarily in money market funds, commercial paper and short-term debt securities. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company classifies all marketable securities for use in current operations, even if the security matures beyond 12 months, and presents them as short-term investments in the condensed consolidated balance sheets.

The Company determines the appropriate classification of marketable securities at the time of purchase and reevaluates such designation at each balance sheet date. The Company has classified and accounted for the purchased marketable securities as available-for-sale. After considering the Company's capital preservation objectives, as well as its liquidity requirements, the Company may sell securities prior to their stated maturities. The Company carries its available-for-sale short-term investments at fair value. The Company reports the unrealized gains and losses, net of taxes, as a component of stockholders' equity, except for unrealized losses determined to be credit-related, which are recorded as other income (expense), net in the condensed consolidated statements of operations and comprehensive loss and reports an allowance for credit losses in short-term investments on the balance sheet, if any. The Company determines any realized gains or losses on the sale of short-term investments on a specific identification method and records such gains and losses as a component of other income (expense), net. Interest earned on cash, cash equivalents, and short-term investments is recorded in interest and other income, net in the accompanying condensed consolidated statements of operations and comprehensive loss and was insignificant during the three and nine months ended September 30, 2022 and 2021.

The Company's investment policy only allows purchases of high credit quality instruments and provides guidelines on concentrations and credit quality to ensure minimum risk of loss. The Company evaluates whether the unrealized loss on available-for-sale short-term investments is the result of the credit worthiness of the securities it held, or other non-credit-related factors such as liquidity by reviewing a number of factors such as the implied yield of the corporate note based on the market price, the nature of the invested entity's business or industry, market capitalization relative to debt, changes in credit ratings, and the market prices of the instruments subsequent to the period end.

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. 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. The Company has not experienced any losses related to this account and believes the associated credit risk to be minimal due to the financial condition of the depository institutions in which those deposits are held.

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

Convertible Financial Instruments

The Company bifurcates embedded redemption and conversion options from their host instruments and accounts for them as freestanding derivative financial instruments at fair value if certain criteria are met. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. Debt discounts under these arrangements are amortized to interest expense using the interest method over the earlier of the term of the related debt or their earliest date of redemption.

From time to time, the Company issues convertible financial instruments to nonemployees in payment for services that are provided. Until the services are completely rendered, the Company will expense the principal and any interest earned prior to the service completion to the representative expense account for the services performed and will record a noncurrent liability for the expected amount of the principal balance. Upon completion of the services, the Company will reclassify the noncurrent liability balance to the balance of an outstanding convertible financial instrument and assess the embedded redemption and conversion options that are applicable at that time.

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, 2022 and 2021.

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.

Stock-Based Compensation

The Company measures equity classified stock-based awards granted to employees, non-employee directors, and nonemployees based on the estimated grant date fair value of the awards. For stock-based awards with only service conditions, compensation expense is recognized over the requisite service period, which is generally the vesting period of the respective award, using the straight-line method. For stock-based awards that include performance conditions, compensation expense is not recognized until the performance condition is probable to occur. The Company uses the Black-Scholes option pricing model to estimate the fair value of its stock-based awards. The Black-Scholes option pricing model requires the Company to make assumptions and judgements about the variables used in the calculations, including the fair value of common stock, expected term, expected volatility of the Company’s common stock, risk-free interest rate and expected dividend yield. The Company accounts for forfeitures of stock-based awards as they occur.

Early Exercised Stock Option Liability

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

Net Loss per Share Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period, without consideration for common stock equivalents. The net loss attributable to common stockholders is calculated by adjusting the net loss of the Company for the accretion on the Series A and B redeemable convertible preferred stock and cumulative dividends on Series A and B redeemable convertible preferred stock. Diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, since the effects of potentially dilutive securities are antidilutive.

Recently Adopted Accounting Pronouncements

Adoption of ASU No. 2016-02

The Company adopted FASB's ASU No. 2016-02, *Leases* ("ASC 842"), as of January 1, 2022, using the modified retrospective approach which provides a method for recording existing leases at the beginning of the period of adoption.

In addition, the Company elected the package of practical expedients and other expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification and not to restate the comparative periods prior to the adoption and to combine lease and non-lease components for all asset classes. The Company made an accounting policy election not to recognize right of use assets and lease liabilities for leases with a lease term of 12 months or less, including renewal options that are reasonably certain to be exercised, that also do not include an option to purchase the underlying asset that is reasonably certain of exercise. Instead, lease payments for these leases are recognized as lease expense on a straight-line basis over the lease term. The disclosures required under ASC 842 are not presented for periods before the date of adoption. For the comparative periods prior to adoption, the Company presented the disclosures which were required under the previous accounting guidance. The adoption of the new standard did not have a material impact on the Company's results of operations or cash flows.

Operating lease right of use ("ROU") assets represent the right to use the leased asset for the lease term and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Adoption of the new standard resulted in the recording of operating lease liabilities of $429,000 and ROU assets of $380,000 as of January 1, 2022. The difference between the ROU assets and lease liabilities represents the net book value of deferred rent recognized as of December 31, 2021, which was adjusted against the ROU asset upon adoption. The ROU asset is included in other assets on the Company's condensed consolidated balance sheet. At adoption, operating lease liabilities of $166,000 and $263,000, respectively, were included in other current liabilities and other noncurrent liabilities on the Company's condensed consolidated balance sheet.

As most leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at the adoption date in determining the present value of future payments. Lease expense for minimum lease payments is amortized on a straight-line basis over the lease term and is included in research and development expenses and general and administrative expenses in the condensed consolidated statements of operations and comprehensive loss. Variable lease payments for common area maintenance, property taxes and other operating expenses are recognized as expense in the period when the changes in facts and circumstances on which the variable lease payments are based occur.

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.

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

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

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

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

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

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

Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate. On December 31, 2020, the warrants related to the Series A preferred stock issuance, the Series B preferred stock issuance, and the convertible promissory notes and the derivative liability related to the issuance of convertible promissory notes were classified within level 3 of the valuation hierarchy. However, these instruments are not present on March 31, 2021 in light of accounting ramifications of the IPO, which are discussed further in Note 7 and Note 8.

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

The following tables provide a summary of the assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2022 and December 31, 2021 (in thousands):

Fair Value Measurements

	September 30, 2022			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Cash equivalents:				
Money market funds	$ 11,550	$ 11,550	$ —	$ —
Total cash equivalents	$ 11,550	$ 11,550	$ —	$ —
Short-term investments:				
Corporate notes	$ 822	$ —	$ 822	$ —
Total short-term investments	$ 822	$ —	$ 822	$ —

	December 31, 2021			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Cash equivalents:				
Money market funds	$ 16,830	$ 16,830	$ —	$ —
Total cash equivalents	$ 16,830	$ 16,830	$ —	$ —
Short-term investments:				
Certificate of deposit	$ 250	$ —	$ 250	$ —
Commercial paper	2,210	—	2,210	—
Corporate notes	12,024	—	12,024	—
Municipal bonds	1,437	—	1,437	—
Total short-term investments	$ 15,921	$ —	$ 15,921	$ —

NOTE 4 – CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash, cash equivalents and short-term investments consist of the following (in thousands):

	September 30, 2022	December 31, 2021
Cash and cash equivalents:		
Cash	$ 4,395	$ 845
Money market funds	11,550	16,830
Total cash and cash equivalents	$ 15,945	$ 17,675
Short-term investments:		
Certificate of deposit	$ —	$ 250
Commercial paper	—	2,210
Corporate notes	822	12,024
Municipal bonds	—	1,437
Total short-term investments	$ 822	$ 15,921

The contractual maturities of short-term investments classified as available-for-sale as of September 30, 2022 were as follows (in thousands):

	September 30, 2022
Due within one year	$ 822
Due after one year through five years	-
Total	$ 822

The following table summarizes the unrealized gains and losses related to short-term investments classified as available-for-sale on the Company's condensed consolidated balance sheet (in thousands):

	September 30, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Estimated Fair Value
Short-term investments:				
Corporate notes	$ 827	$ -	$ (5)	$ 822
Total short-term investments	$ 827	$ -	$ (5)	$ 822

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Estimated Fair Value
Short-term investments:				
Certificate of deposit	$ 250	$ —	$ —	$ 250
Commercial paper	2,210	—	—	2,210
Corporate notes	12,035	—	(11)	12,024
Municipal bonds	1.437	—	—	1,437
Total short-term investments	$ 15,932	$ —	$ (11)	$ 15,921

As of September 30, 2022 and December 31, 2021, the gross unrealized loss on available-for-sale short-term investments was immaterial and there were no expected credit losses related to the Company's available-for-sale debt securities. The Company has determined that all unrealized losses are temporary. As of September 30, 2022 and December 31, 2021, no allowance for credit losses in short-term investments was recorded.

No sales of available-for-sale short-term investments occurred during the three and nine months ended September 30, 2022 and 2021.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment, net, as of September 30, 2022 and December 31, 2021, consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Office equipment and furniture	$ 263	$ 237
Software	131	115
Test equipment	256	278
Total property and equipment	650	630
Less: accumulated depreciation	(190)	(101)
Total property and equipment, net	$ 460	$ 529

Total depreciation and amortization expense related to property and equipment for the three and nine months ended September 30, 2022 was approximately $36,000 and $109,000, respectively. Total depreciation and amortization expense related to property and equipment for the three and nine months ended September 30, 2021 was approximately $22,000 and $40,000, respectively.

NOTE 6 – OTHER CURRENT LIABILITIES

Other current liabilities as of September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Accrued research and development	$ 168	$ 289
Accrued compensation	2,592	2,211
Accrued vacation	343	276
Accrued consulting	251	—
Lease liabilities, current portion	216	—
Other	176	131
	$ 3,746	$ 2,907

NOTE 7 – CONVERTIBLE PROMISSORY NOTES

On various dates between February 2020 and December 2020, the Company received total proceeds of approximately $11.8 million from the issuance of subordinated convertible promissory notes (“Convertible Notes”) to investors. The Convertible Notes accrued interest at 4% per year and the principal balance of the Convertible Notes, plus all accrued interest would have been due on February 28, 2022 (the Maturity Date).

The Convertible Notes were convertible upon the occurrence of certain events, including upon a change in control or a next equity financing. The conversion features are described as follows:

Conversion Event	Description	Conversion Price
Automatic Conversion – Next Qualified Equity Financing	Upon the closing of a Next Qualified Equity Financing (defined as greater than $5,000,000), the Convertible Notes are converted into shares issued equal to the outstanding balance divided by the Conversion Price.	An amount equal to the lower of (i) 80% of the lowest per-share selling price of such stock sold by the Company at the Next Qualified Equity Financing or (ii) the implied per share price determined by dividing $60,000,000 by the total number of Common Stock Equivalents (defined as fully diluted common shares for all outstanding securities, excluding common shares reserved for issuance or exercise of options or grants in the future) immediately prior to Next Qualified Equity Financing closing.
Automatic Conversion – Change of Control (defined as consolidation or merger of the Company or transfer of a majority of share ownership or disposition of substantially all assets of the Company)	If at any time before payment or conversion of the balance, the Company effects a Change of Control, all of the balance outstanding immediately prior to such Change of Control will automatically convert into the most senior series of Preferred Stock outstanding immediately prior to such Change of Control at the Conversion Price.	An amount equal to the implied per share price determined by dividing $60,000,000 by the total number of Common Stock Equivalents immediately prior to such Change of Control.
Automatic Conversion – Maturity Date	If the Company has not paid or otherwise converted the entire balance before the Maturity Date, then on the Maturity Date, all of the balance then outstanding will automatically convert into the most senior series of Preferred Stock outstanding as of the Maturity Date at the Conversion Price then in effect.	An amount equal to the implied per share price determined by dividing $60,000,000 by the total number of Common Stock Equivalents as of the Maturity Date.
Automatic Conversion – IPO	If at any time before payment or conversion of the balance, the Company consummates an IPO, all of the balance outstanding immediately prior to the IPO will automatically convert into Common Stock at the Conversion Price.	An amount equal to the lower of (i) 80% of the lowest per-share selling price of the Common Stock sold by the Company in an IPO or (ii) the implied per share price determined by dividing $60,000,000 by the total number of Common Stock Equivalents immediately prior to closing of an IPO.
Optional Conversion	If at any time while the Convertible Notes are still outstanding the Company sells stock in a single transaction or in a series of related transactions that does not constitute a Next Qualified Equity Financing (and thus is defined as a Non-qualified Financing), then, at the closing of the Nonqualified Financing, the balance then outstanding may be converted, at the option of the holder, into that number of shares of Non-qualified Preferred Stock (preferred stock sold in the Non-qualified Financing) determined by dividing (i) the balance by (ii) the Conversion Price then in effect.	An amount equal to the lowest per share selling price of Nonqualified Preferred Stock sold by the Company for new cash investment in the Non-Qualified Financing.

As part of the Convertible Note financing, the Company agreed to issue subordinated convertible promissory notes to nonemployees in exchange for services totaling $747,000.

During the three months ended March 31, 2021, nonemployee services of $50,000 were completed, which were recorded as a component of other noncurrent liabilities. In connection with the IPO, a Convertible Note for $500,000 was issued for nonemployee services and $300,000 of the nonemployee services that remained to be completed was recorded in prepaid and other current expenses on the condensed consolidated balance sheets. The Company calculated a BCF of approximately $500,000 upon the issuance of this Convertible Note.

In connection with the Convertible Notes, the Company issued 10,000 and 204,500 warrants to purchase common stock, to a noteholder and its brokers, respectively. The warrants have a five-year life and are initially exercisable into common stock at $2.97 per share. (See Note 10 – Common Stock Warrants for fair value computation and discussion of the change in the exercise price). During March 2021, 42,220 of these warrants to purchase common stock were cancelled.

Issuance costs and commissions to brokers to obtain the Convertible Notes were recorded as a debt discount in the amount of approximately $83,000 and $612,000, respectively.

The Company determined that the terms that would result in Convertible Notes automatically converting at (i) 80% of the lowest per-share selling price of the stock sold by the Company in the Next Qualified Equity Financing or (ii) 80% of the lowest per-share selling price of the Conversion Stock sold by the Company in an IPO are deemed a redemption feature. The Company also concluded that those redemption features require bifurcation from the Convertible Notes and subsequent accounting in the same manner as a freestanding derivative. Accordingly, subsequent changes in the fair value of these redemption features are measured at each reporting period and recognized in the condensed consolidated statements of operations and comprehensive loss.

The sum of the fair value of the warrants, the fair value of the embedded redemption derivative liability, issuance costs, BCF and commission payments for the Convertible Notes were recorded as debt discounts to be amortized to interest expense over the respective term using the effective interest method. During the three and nine months ended September 30, 2021, the Company recognized interest expense of approximately $0 and $0.8 million, respectively, from the accretion of those debt discounts.

The Convertible Notes automatically converted upon the closing of the IPO at the implied per share price determined by dividing $60,000,000 by the total number of Common Stock Equivalents immediately prior to the closing of the IPO. The outstanding principal ($12.5 million) and interest due ($0.4 million) under the Convertible Notes, in an aggregate amount of $12.9 million, was converted into 5,015,494 shares of the Company's common stock at the implied per share conversion of $2.5736. The carrying value of the Convertible Notes was credited to common stock and additional paid-in capital on the condensed consolidated balance sheet. The remaining unamortized discount of $0.4 million was recorded to additional paid-in capital and no gain or loss was recognized on the conversion. The remaining unamortized discount related to the BCF of $0.5 million was recognized immediately as interest expense in the condensed consolidated statement of operations and comprehensive loss.

Derivative Liability

As described above, the redemption provisions embedded in the Convertible Notes required bifurcation and measurement at fair value as a derivative. The fair value of the Convertible Note embedded redemption derivative liability was calculated by determining the value of the debt component of the Convertible Notes at various conversion or maturity dates using a Probability Weighted Expected Return valuation method. The fair value calculation placed greater probability on the occurrence of the conversion or the maturity date scenario, with little or no weight given to other scenarios. The fair value of the embedded redemption derivative liability is significantly influenced by the discount rate, the remaining term to maturity and the Company's assumptions related to the probability of a qualified financing or no financing prior to maturity. The Financing Date is the estimated date of an automatic conversion as the result of a Next Qualified Equity Financing or an IPO.

The embedded redemption derivative liability no longer had significant value as of the date of the Company's IPO since the conversion of the Convertible Notes occurred via a redemption feature that was not bifurcated as a derivative. Upon the conversion of the Convertible Notes at the IPO, the Company recorded a final change in the fair value of the derivative liability of $0.1 million in the condensed consolidated statement of operations and comprehensive loss, and the derivative liability was extinguished.

The changes in the fair value of the derivative liability for the three and nine months ended September 30, 2021 was the same and is presented as follows (in thousands):

Warrant Issuance	December 31, 2020	Fair Value at issuance date	Change in fair value	September 30, 2021
Derivative liability	$ 121	—	(121)	$ —

NOTE 8 – REDEEMABLE CONVERTIBLE PREFERRED STOCK

On March 28, 2019, the Company's Second Amended and Restated Certificate of Incorporation was filed with the Delaware Secretary of State which (i) increased the number of shares of common stock the Company is authorized to issue to 22,069,652; (ii) increased the number of shares of preferred stock the Company was authorized to issue to 7,930,348, of which 2,692,253 shares were designated as Series A preferred stock and 5,238,095 shares were designated as Series B preferred stock; (iii) amended and set a fixed conversion price of Series A preferred stock to $1.40; and (iv) extended the IPO Commitment Date from April 1, 2020 to no later than March 31, 2021.

The Series B preferred stock was measured and recorded at the transaction price net of issuance costs, resulting in an initial value of $9.3 million. The accretion to the carrying value of the Series B preferred stock was recorded as a charge to additional paid in capital. The accumulated accretion as of the IPO date was $11.5 million, which resulted in an adjusted Series B preferred stock carrying value of $20.8 million.

The accretion to the carrying value of the Series A preferred stock was recorded as a charge to additional paid-in capital. The accumulated accretion as of the IPO date was $8.2 million, which resulted in an adjusted Series A preferred stock carrying value of $14.5 million.

Upon the IPO, the redeemable convertible preferred stock converted in to 11,436,956 shares of common stock and no shares of redeemable convertible preferred stock remain outstanding.

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

NOTE 9 – COMMON STOCK

As of September 30, 2022 and December 31, 2021, the Company was authorized to issue 75,000,000 shares of common stock with a par value of $0.0001 per share. As of September 30, 2022 and December 31, 2021, 33,492,251 and 32,772,060 shares were outstanding, respectively.

Conversion of Redeemable Convertible Preferred Stock

In connection with the closing of the IPO, on March 25, 2021, the outstanding shares of the Company's Series A and Series B redeemable convertible preferred stock were converted into 11,436,956 shares of the Company's common stock.

Conversion of Convertible Notes

In connection with the funding of the IPO, on March 25, 2021, the principal and interest due under the Company's Convertible Notes, in an aggregate amount of $12.9 million, was converted into 5,015,494 shares of the Company's common stock.

Third Amended and Restated Certificate of Incorporation

In connection with the IPO, the Third Amended and Restated Certificate of Incorporation became effective and authorized 75,000,000 shares of common stock at par value of $0.0001 per share. Dividends may be declared and paid on the common stock when and if determined by the Board of Directors. Upon liquidation, each common stockholder is entitled to receive an equal portion of the distribution. Each holder of common stock will have one vote in respect of each share of common stock held. The rights and privileges listed above will be subject to preferential rights of any then outstanding shares of preferred stock.

At the IPO date, the Company issued 17,000 shares of common stock for nonemployee services valued at $85,000.

At-the-Market Issuance of Common Stock

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

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

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

During the three months ended September 30, 2022, the Company issued and sold an aggregate of 674,191 shares of common stock through the Issuance Agreement at a weighted-average public offering price of $2.94 per share and received net proceeds of $1.9 million. As of September 30, 2022, an aggregate offering price amount of approximately $48 million remains available to be issued and sold under the Issuance Agreement.

Common Stock Reserved for Future Issuance

Common stock reserved for future issuance at September 30, 2022 is summarized as follows:

	September 30, 2022
Warrants to purchase common stock	1,938,143
Stock options outstanding	7,384,771
Stock options available for future grants	6,276,188
Total	15,599,102

Restricted Stock Purchase Agreements

In 2018, 400,000 shares were issued to the Company's founder at inception pursuant to a Restricted Stock Purchase Agreement. The Restricted Stock Purchase Agreement stipulates that in the event of the voluntary or involuntary termination of the Company's founder's continuous service status for any reason (including death or disability), with or without cause, the Company or its assignees(s) shall have an option ("Repurchase Option") to repurchase all or any portion of the shares held by the Purchaser as of the termination date which have not yet been released from the Company's Repurchase Option at the original purchase price of $0.0125 per share. Shares are to be released from the Repurchase Option over four years. The initial 12/48ths of the shares were released on January 30, 2019, and an additional 1/48th of the shares are being released monthly thereafter. As of September 30, 2022 and December 31, 2021, none and 8,333 of the shares issued to the Company's founder remain subject to the Repurchase Option, respectively. These shares were originally purchased by the Company's founder at $0.0125 per share.

In 2018, 3,640,000 shares were also issued pursuant to a Restricted Stock Purchase Agreement. The holders of these shares are considered related parties of the Company because the holders are directly related either to the founder or to the legal counsel of the Company. The same terms described above apply to these issuances. As of September 30, 2022 and December 31, 2021, none and 75,833 of the shares issued to these holders remain subject to the Repurchase Option, respectively. These shares were originally purchased by the holders at $0.0125 per share.

Early Exercised Stock Option Liability

During the three and nine months ended September 30, 2022, no shares were issued upon the early exercise of common stock options. During the three and nine months ended September 30, 2021, none and 50,000 shares, respectively, 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, 2022 and December 31, 2021, the Company has recorded a repurchase liability for approximately $171,000 and $281,000 for 338,335 and 567,397 shares that remain unvested, respectively. The weighted average remaining vesting period is 1.4 years.

NOTE 10 – COMMON STOCK WARRANTS

Preferred A Placement Warrants

In connection with the closing of the Series A preferred stock offering, the Company issued warrants (“Preferred A Placement Warrants”) to purchase a total of 133,648 shares of its common stock to NSC on March 14, 2018 and April 23, 2018. The Preferred A Placement Warrants included an adjustment provision pursuant to which upon completion of the IPO, and the conversion of the Series A preferred stock in connection therewith, the number of shares issuable upon exercise of the warrants was adjusted to be equal to 10% of the aggregate number of common stock shares issued by the Company upon conversion of 1,336,485 shares of Series A preferred stock (the “Preferred A Adjustment Provision”). In August 2019, the Preferred A Placement Warrants were amended and reissued and the total number of warrant shares increased to 242,847.

In connection with the IPO, pursuant to the Preferred A Adjustment Provision variable settlement provision, the number of shares of common stock subject to the Preferred A Placement Warrants settled, resulting in an additional 50,195 shares of common stock.

Preferred A Lead Investor Warrants

During February 2021, a total of 52,500 warrants for common stock were issued to advisors to the Company at a weighted average exercise price of $0.0125 per share. The resulting fair value of the warrants for common stock is not significant.

Preferred B Placement Warrants

On April 16, 2019, in connection with the Series B preferred stock offering, the Company issued warrants (“Preferred B Placement Warrants”) to purchase 414,270 shares of its common stock to NSC, Newbridge Securities Corporation, and five individuals at LVP. The Preferred B Placement Warrants have a term of five years and their exercise price is equal to $2.10, the conversion price of Series B preferred stock. The Preferred B Placement Warrants included an adjustment provision pursuant to which upon completion of the IPO, and the conversion of the Series B preferred stock in connection therewith, the number of shares issuable upon exercise of the warrants was adjusted to be equal to 10% of the aggregate number of common stock shares issued by the Company upon conversion of 4,142,270 shares of Series B preferred stock (the “Preferred B Adjustment Provision”).

In connection with the IPO, pursuant to the Preferred B Adjustment Provision variable settlement provision, the number of shares of common stock subject to the Preferred B Placement Warrants settled, resulting in an additional 49,528 shares of common stock.

Convertible Note Placement Warrants

In connection with the Convertible Notes, the Company issued 10,000 and 214,050 warrants to purchase common stock, to a noteholder and its brokers, respectively. The warrants have a five-year life and were initially exercisable into common stock at $2.97 per share with the warrants ultimately being exercisable into common stock at the final Conversion Price of the Convertible Notes. When the Convertible Notes converted at the IPO date as described in Note 8, the exercise price of the warrants was adjusted to equal the Conversion Price, which is $2.57. During March 2021, 42,220 of these warrants to purchase common stock were cancelled.

Underwriter Warrants

In connection with the IPO, the Company issued the underwriter a warrant to purchase shares of common stock equal to 9.79% of the shares of common stock sold in the IPO or 956,973 shares. The warrant is exercisable at $6.00 per share and has a 5-year term. Additionally, the underwriter has contractually agreed that it will not sell, transfer, assign, pledge, or hypothecate this warrant or the securities underlying this warrant, nor will it engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of this warrant or the underlying securities for a period of 540 days (approximately 18 months) from the IPO.

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

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

The following is a summary of the Company's warrant activity for the nine months ended September 30, 2021:

Warrant Issuance	Issuance	Exercise Price	Outstanding, December 31, 2020	Granted	Exercised	Canceled/ Expired	Variable Settlement Provision Adjustment	Outstanding, September 30, 2021	Expiration
Preferred A Placement Warrants	March and April 2018 and August 2019	$ 1.40	242,847	—	—	—	50,195	293,042	March and April 2023
Preferred A Lead Investor Warrants	February 2021	$ 0.0125	—	52,500	—	—	—	52,500	March 2023
Preferred B Placement Warrants	April 2019	$ 2.10	414,270	—	—	—	49,528	463,798	April 2024
Convertible Notes Placement Warrants	August 2020	$ 2.57	214,050	—	—	(42,220)	—	171,830	August 2025
Underwriter Warrants	March 2021	$ 6.00	—	956,973	—	—	—	956,973	March 2026
			871,167	1,009,473	—	(42,220)	99,723	1,938,143	

Warrants Classified as Liabilities

Preferred A Placement Warrants and Preferred B Placement Warrants

The Preferred A Placement Warrants and Preferred B Placement Warrants were initially classified as a derivative liability because their variable terms did not qualify these as being indexed to the Company's own common stock and will be measured at fair value on a recurring basis.

As a result of the conversion of the Preferred Stock into common stock in connection with the IPO, and the related impact of the Preferred A Adjustment Provision and the Preferred B Adjustment Provision, the number of warrant shares that are convertible is no longer variable. Accordingly, the Preferred A Placement Warrants and Preferred B Placement Warrants were determined to be indexed to the Company's own common stock and will no longer be measured at fair value on a recurring basis. Instead, the Preferred A Placement Warrants and the Preferred B Placement Warrants were determined to be equity instruments, and the liability was recorded at fair value with the change in fair value recorded in the condensed consolidated statement of operations and comprehensive loss and reclassified to additional paid-in capital at their estimated fair value at the IPO date.

Convertible Notes Placement Warrants

The Convertible Notes Placement Warrants were classified as a derivative liability because the exercise price was variable, thus these did not qualify as being indexed to the Company's own common stock and were measured at fair value on a recurring basis.

As a result of the conversion of the Convertible Notes into common stock in connection with the IPO, the exercise price is no longer variable. Accordingly, the Convertible Notes Placement Warrants were determined to be indexed to the Company's own common stock and will no longer be measured at fair value on a recurring basis. Instead the Convertible Notes Placement Warrants were determined to be equity instruments, and the liability was recorded at fair value with the change in fair value recorded in the condensed consolidated statement of operations and comprehensive loss and reclassified to additional paid-in capital at their estimated fair value at the IPO date.

Estimated Fair Value of Outstanding Warrants Classified as Liabilities

The estimated fair value of outstanding warrants classified as liabilities is determined at each balance sheet date. Any decrease or increase in the estimated fair value of the warrant liability since the most recent balance sheet date is recorded in the condensed consolidated statements of operations and comprehensive loss as a change in fair value of warrant liability.

There were no warrants classified as liabilities outstanding as of September 30, 2022 and December 31, 2021.

The changes in fair value of the outstanding warrants classified as liabilities for the nine months ended September 30, 2021 were as follows (in thousands):

	Warrant liability, December 31, 2020	Fair value of warrants granted	Fair value of warrants exercised	Change in fair value of warrants	Reclassified to additional paid-in capital	Warrant liability September 30, 2021
Preferred A Placement Warrants	$ 518	$ —	$ —	$ 575	$ (1,093)	$ —
Preferred B Placement Warrants	708	—	—	800	(1,508)	—
Convertible Notes Placement Warrants	323	—	—	206	(529)	—
	$ 1,549	$ —	$ —	$ 1,581	$ (3,130)	$ —

The fair values of the outstanding warrants accounted for as liabilities at the IPO date are calculated using the Black-Scholes option pricing model with the following assumptions:

	Black-Scholes Fair Value Assumptions at IPO Date			
Warrant Issuance	**Dividend Yield**	**Expected Volatility**	**Risk-Free Interest Rate**	**Expected Life**
Preferred A Placement Warrants	—%	59.21%	0.14%	2.0 years
Preferred B Placement Warrants	—%	58.51%	0.30%	3.0 years
Convertible Note Placement Warrants	—%	52.28%	0.82%	4.4 years

Upon the conversion of the redeemable convertible preferred stock and the Convertible Notes into common stock at the IPO date, the estimated fair value of the outstanding warrants accounted for as liabilities of $3.1 million was reclassified to additional paid-in capital.

Warrants Classified as Equity

Certain warrants are classified as equity instruments since they do not meet the characteristics of a liability or a derivative and are recorded at fair value on the date of issuance using the Black-Scholes option pricing model with the following assumptions. The fair value as determined at the issuance date is recorded as an issuance cost of the related stock. There were no warrants classified as equity issued during the three and nine months ended September 30, 2022, nor during the three months ended September 30, 2021. Those warrants and the assumptions used to calculate the fair value at issuance are as follows for the warrants issued during the nine months ended September 30, 2021:

	Black-Scholes Fair Value Assumptions					
Warrant Issuance	**Issuance Date**	**Fair Value (in ooo's)**	**Dividend Yield**	**Expected Volatility**	**Risk-Free Interest Rate**	**Expected Life**
Underwriter Warrants	March 2021	$ 2,349	—%	52.58%	0.82%	5.0 years

NOTE 11 – STOCK-BASED COMPENSATION

2019 Equity Incentive Plan

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

In connection with the closing of the IPO, effective as of March 25, 2021 the 2019 Plan was amended and restated as a result of which the aggregate number of shares of common stock that may be issued pursuant to the 2019 Plan was increased from 6,000,000 to 7,400,000.

On April 15, 2022, the Board approved, subject to stockholder approval, an increase in the aggregate number of shares of common stock that may be issued pursuant to the 2019 Plan from 7,400,000 to 13,400,000. On June 21, 2022, the stockholders approved this increase.

As of September 30, 2022, the Company had 5,046,188 shares available for future grant pursuant to the 2019 Plan.

2021 Employment Inducement Plan

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

During the nine months ended September 30, 2022, awards totaling 1,015,000 were issued under the Inducement Plan. The exercise price was $2.60 per share for 720,000 of the inducement stock option awards and for $2.54 for 295,000 of the inducement stock option awards. All of the inducement stock option awards remain unvested at September 30, 2022.

As of September 30, 2022, the Company had 1,230,000 shares available for future grant under the Inducement Plan.

Stock Options

Stock option activity for the nine months ended September 30, 2022 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, 2021	5,592,137	$ 2.29	8.6 years	$ 9,912
Granted	2,275,000	$ 2.85		
Exercised	(47,000)	$ 0.41		
Cancelled	(435,366)	$ 3.48		
Outstanding at September 30, 2022	7,384,771	$ 2.40	8.4 years	$ 6,153
Exercisable as of September 30, 2022	3,615,908	$ 1.64	7.9 years	$ 5,097
Vested and expected to vest as of September 30, 2022	7,234,571	$ 2.38	8.4 years	$ 6,034

The weighted-average grant date fair value of options granted during the nine months ended September 30, 2022 and 2021, was $1.51 and $2.76, respectively. During the nine months ended September 30, 2022 and 2021, 47,000 and 134,531 options were exercised for proceeds of $19,000 and $76,000, respectively. The fair value of the 1,370,977 and 598,988 options that vested during the nine months ended September 30, 2022 and 2021 was approximately $2.9 million and $0.4 million, respectively.

On June 21, 2022, the Company granted an award of 100,000 options to the Company's founder at an exercise price of $5.00 per share. The options will vest in full upon the shipment of 20,000 product units on or before June 30, 2023. If the shipments have not occurred by June 30, 2023, the options will be cancelled and forfeited. For the three and nine months ended September 30, 2022, the Company has not recognized stock compensation expense of approximately $0.1 million related to this award as the successful achievement of the performance conditions is not yet probable.

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, 2022 and 2021.

	Nine Months Ended September 30,	
	2022	**2021**
Dividend yield	—%	—%
Expected volatility	61.91%	67.54%
Risk-free interest rate	2.63%	0.76%
Expected life	6.07 years	6.06 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, 2022 and 2021 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,	
	2022	**2021**	**2022**	**2021**
Research and development	$ 295	$ 217	$ 901	$ 467
General and administrative	502	335	1,372	780
	$ 797	$ 552	$ 2,273	$ 1,247

As of September 30, 2022, unamortized compensation expense related to unvested stock options (excluding the performance award previously described) was approximately $8.2 million, which is expected to be recognized over a weighted average period of 2.7 years.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Operating Leases

As of September 30, 2022, the Company had one office lease for the corporate headquarters and laboratory space.

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

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

On January 1, 2022, the Company adopted ASC 842. Under this new guidance, lessees are required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases. Upon adoption, the Company recognized ROU assets of $380,000 and corresponding lease liabilities of $429,000 for the one operating lease of the Company at the adoption date.

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

Operating leases	**As of September 30, 2022**
Right-of-use assets	$ 433
Operating lease liabilities - Short-term	$ 216
Operating lease liabilities - Long-term	$ 258

	Three Months Ended September 30, 2022	**Nine Months Ended September 30, 2022**
Lease Cost:		
Operating lease cost	$ 69	$ 163
Other Information:		
Cash paid for amounts included in the measurement of lease liabilities	$ 59	$ 149
Weighted average remaining lease term - operating leases (in years)	2.21	2.21
Average discount rate - operating lease	10.00%	10.00%

Future minimum lease payments for the operating lease are as follows as of September 30, 2022 (in thousands):

2022	$ 59
2023	242
2024	203
2025	27
Total lease payments	531
Less: Interest	(57)
Total operating lease liability	$ 474

Rent expense for the three months ended September 30 2022 and 2021 was $69,000 and $57,000, respectively. Rent expense for the nine months ended September 30, 2022 and 2021 was $162,000 and $105,000, respectively.

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, 2022.

NOTE 13 – NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

The following table computes the computation of the basic and diluted net loss per share attributable to common stockholders during the three and nine months ended September 30, 2022 and 2021 is as follows (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Numerator:				
Net loss and comprehensive loss	$ (8,602)	$ (5,173)	$ (22,402)	$ (15,468)
Accretion and dividends on redeemable convertible preferred stock	—	-	—	(2,489)
Net loss attributable to common stockholders	$ (8,602)	$ (5,173)	$ (22,402)	$ (17,957)
Denominator:				
Weighted-average common shares outstanding	32,949,649	32,268,890	32,829,940	24,200,475
Net loss per share attributable to common stockholders, basic and diluted	$ (0.26)	$ (0.16)	$ (0.68)	$ (0.74)

The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the nine months ended September 30, 2022 and 2021 because including them would have been antidilutive are as follows:

	Nine Months Ended September 30,	
	2022	2021
Non-vested shares under restricted stock grants	—	336,666
Shares subject to options to purchase common stock	7,384,771	4,877,637
Shares subject to warrants to purchase common stock	1,938,143	1,938,143
Total	9,322,914	7,152,446

For the three and nine months ended September 30, 2022, performance based option awards for 150,200 shares of common stock, respectively, and for the three and nine months ended September 30, 2021, performance based option awards for 50,200 shares of common stock, respectively, are not included in in the table above or considered in the calculation of diluted earnings per share until the performance conditions of the option award are considered probable by the Company.

NOTE 14 – 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. Based upon the review, management did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements.

On November 9, 2022, the Company approved common stock option awards covering a total of 250,000 shares of common stock to non-executive employees.

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

Forward-Looking Statements

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

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

- our limited operating history and our ability to achieve profitability;
- our ability to continue as a going concern and our need for and ability to obtain additional capital in the future;
- our ability to demonstrate the feasibility of and develop products and their underlying technologies;
- the impact of competitive or alternative products, technologies and pricing;
- the impact of the COVID-19 on our business and local and global economic conditions;
- 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;
- our dependence on the successful commercialization of our proposed solution;
- our dependence on third parties to design, manufacture, market and distribute our proposed products;
- the adequacy of protections afforded to us by the patents that we own and the success we may have in, and the cost to us of, maintaining, enforcing and defending those patents;
- our ability to obtain, expand and maintain patent protection in the future, and to protect our non-patented intellectual property;
- the impact of any claims of intellectual property infringement, trade secret misappropriation, product liability, product recalls or other claims;

- our need to secure required FCC, FDA and other regulatory approvals from governmental authorities in United States;
- the impact of healthcare regulations and reform measures;
- the accuracy of our estimates of market size for our planned solution;
- 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 the 2021 Form 10-K and subsequently filed Quarterly Reports on Form 10-Q. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Overview

Movano is developing a platform to deliver purpose-driven healthcare solutions at the intersection of medical and consumer devices. Our mission is to make medical-grade data accessible and actionable for everyone.

Our proprietary platform uses RF technology, which we believe will enable the creation of low-cost and scalable sensors that are small enough to fit into wearables and other small form factors. Combined with our mobile app and cloud infrastructure, we expect that our platform will provide users with the ability to measure and continuously monitor vital health data and provide actionable feedback to jumpstart changes in behaviors.

Our platform is the foundation for our first product in development, a smart ring. The ring and its accompanying app will combine medical-grade data with personalized intelligent feedback and is designed for women of all ages, who are traditionally an afterthought when it comes to wearable technology. Once developed, we expect the ring will measure heart rate, HRV, sleep, respiration rate, temperature, blood oxygen saturation, steps, calories and incorporate women-centric features and design. The device will provide users and their network of caregivers with continuous health data distilled down to simple, yet meaningful, insights to help users make manageable lifestyle changes and take a more proactive approach that could mitigate the risks of chronic disease. A fundamental part of our corporate development strategy is to establish one or more strategic partnerships that would allow us to more fully exploit the potential of our technology.

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 a development stage company with a limited operating history. To date, we have invested substantially all of our efforts and financial resources into the research and development of the products we are developing, including conducting clinical studies and related general and administrative costs. To date, we have funded our operations primarily from the sale of our equity securities.

Adoption of New Accounting Pronouncement - Leases

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842) which requires lessees to recognize leases on the balance sheet by recording a right-of-use asset and lease liability. We adopted this new guidance as of January 1, 2022 and applied the modified retrospective approach, whereby prior comparative periods will not be retrospectively presented in the condensed consolidated financial statements. We elected the package of practical expedients not to reassess prior conclusions related to contracts containing leases and lease classification and the lessee practical expedient to combine lease and non-lease components for all asset classes. We made a policy election to not recognize right-of-use assets and lease liabilities for short-term leases for all asset classes. See Note 12 Commitments and Contingencies to our condensed consolidated financial statements covered under Part I, Item 1 of this Quarterly Report on Form 10-Q for further details.

Upon adoption on January 1, 2022, we recognized right-of-use assets and lease liabilities for operating leases of $380,000 and $429,000, respectively. The difference between the right-of-use asset and lease liability primarily represents the net book value of deferred rent recognized as of December 31, 2021, which was adjusted against the right-of-use asset upon adoption.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions for the reported amounts of assets, liabilities, revenues, expenses, and related disclosures. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material. There have been no material changes in our critical accounting policies during the three and nine months ended September 30, 2022, as compared to those disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Significant Judgments and Estimates."

Results of Operations

Three and nine months ended September 30, 2022 and 2021

Our condensed consolidated statements of operations for the three and nine months ended September 30, 2022 and 2021 as discussed herein are presented below.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2022	2021	$	%	2022	2021	$	%
	(in thousands, except share and per share data)				(in thousands, except share and per share data)			
OPERATING EXPENSES:								
Research and development	$ 5,146	$ 3,803	$ 1,343	35%	$ 13,849	$ 8,928	$ 4,921	55%
General and administrative	3,511	1,376	2,135	155%	8,592	4,563	4,029	88%
Total operating expenses	8,657	5,179	3,478	(67)%	22,441	13,491	8,950	66%
Loss from operations	(8,657)	(5,179)	(3,478)	(67)%	(22,441)	(13,491)	(8,950)	(66)%
Other income (expense), net:								
Interest expense	—	—	—		—	(883)	883	100%
Change in fair value of warrant liability	—	—	—		—	(1,581)	1,581	100%
Change in fair value of derivative liability	—	—	—		—	121	(121)	(100)%
Forgiveness of Paycheck Protection Program Loan	—	—	—		—	351	(351)	100%
Interest and other income, net	55	6	49	817%	39	15	24	160%
Other income (expense), net	55	6	49	(817)%	39	(1,977)	2,016	102%
Net loss	$ (8,602)	$ (5,173)	$ (3,429)	(66)%	$ (22,402)	$ (15,468)	$ (6,934)	(45)%

Research and Development

Research and development expenses totaled $5.1 million and $3.8 million for the three months ended September 30, 2022 and 2021, respectively. This increase of $1.3 million was due primarily to the growth of the Company and its activities and increased salary and benefit expenses. Research and development expenses for the three months ended September 30, 2022 included expenses related to employee compensation of $2.5 million, other professional fees of $1.9 million, research and laboratory expenses of $0.5 million, and other expenses of $0.2 million. Research and development expenses for the three months ended September 30, 2021 included expenses related to employee compensation of $1.8 million, tolls and equipment expenses of $0.4 million, other professional fees of $1.5 million, and other expenses of $0.1 million.

Research and development expenses totaled $13.8 million and $8.9 million for the nine months ended September 30, 2022 and 2021, respectively. The increase of $4.9 million was due primarily to the growth of the Company and its activities. Research and development expenses for the nine months ended September 30, 2022 included expenses related to employee compensation of $7.2 million, other professional fees of $5.0 million, research and laboratory expenses of $1.0 million, and other expenses of $0.6 million. Research and development expenses for the nine months ended September 30, 2021 included expenses related to employee compensation of $4.3 million, tools and equipment expenses of $0.7 million, other professional fees of $3.6 million, rent of $0.1 million, and other expenses of $0.2 million.

General and Administrative

General and administrative expenses totaled $3.5 million and $1.4 million for the three months ended September 30, 2022 and 2021, respectively. This increase of $2.1 million was due primarily to the growth of the Company and its activities. General and administrative expenses for the three months ended September 30, 2022 included expenses related to employee and board of director compensation of $1.6 million, professional and consulting fees of $0.8 million, and other expenses of $1.1 million. General and administrative expenses for the three months ended September 30, 2021 included expenses related to employee and board of director compensation of $0.6 million, professional and consulting fees of $0.4 million, and other expenses of $0.4 million.

General and administrative expenses totaled $8.6 million and $4.6 million for the nine months ended September 30, 2022 and 2021, respectively. This increase of $4.0 million was due primarily to the growth of the Company and its activities. General and administrative expenses for the nine months ended September 30, 2022 included expenses related to employee and board of director compensation of $4.3 million, professional and consulting fees of $2.2 million, and other expenses of $2.1 million. General and administrative expenses for the nine months ended September 30, 2021 included expenses related to employee and board of director compensation of $2.4 million, professional and consulting fees of $1.3 million, and other expenses of $0.9 million.

Loss from Operations

Loss from operations was $8.7 million for the three months ended September 30, 2022, as compared to $5.2 million for the three months ended September 30, 2021.

Loss from operations was $22.4 million for the nine months ended September30, 2022, as compared to $13.5 million for the nine months ended September 30, 2021.

Other Income (Expense), Net

Other income (expense), net for the three months ended September 30, 2022 was a net other income of $55,000 as compared to a net other income of $6,000 for the three months ended September 30, 2021. Other income (expense), net for the nine months ended September 30, 2022 was a net other income of $39,000 as compared to a net other expense of $2.0 million for the nine months ended September 30, 2021. Other income (expense), net for the nine months ended September 30, 2021 included interest expense of $0.9 million related to the accrual of interest and amortization of debt discounts on the convertible promissory notes, $1.6 million related to the change in fair value of the warrant liability, $0.1 million related to the change in the fair value of the derivative liability, and forgiveness of the Paycheck Protection Program Loan of $0.4 million.

Net Loss

As a result of the foregoing, net loss was $8.6 million for the three months ended September 30, 2022, as compared to $5.2 million for the three months ended September 30, 2021.

As a result of the foregoing, net loss was $22.4 million for the nine months ended September 30, 2022, as compared to $15.5 million for the nine months ended September 30, 2021.

Liquidity and Capital Resources

At September 30, 2022, we had cash, cash equivalents and short-term investments totaling $16.8 million. During the nine months ended September 30, 2022, the Company used $18.6 million of cash in our operating activities. The cash and short-term investments are not expected to be sufficient to enable us to complete the development and commercialization of our proposed planned solution. In August 2022, we entered into an at-the-market issuance ("ATM") agreement with B. Riley Securities Inc., or B. Riley, to sell shares of our common stock for aggregate gross proceeds of up to $50.0 million, from time to time, through an ATM equity offering program under which B. Riley acts as sales agent. During the three months ended September 30, 2022, the Company sold an aggregate of 674,191 shares of common stock through the ATM program for proceeds of approximately $1.9 million, net of commissions paid. 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 our proposed wearable and other potential products;
- prepare applications required for marketing approval of our proposed planned solution in the United States;
- develop our plans for manufacturing, distributing and marketing our proposed wearable 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. 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 financial statements are issued. Our 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 through the sale of equity or debt securities to support our future operations.

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

	Nine Months Ended September,	
	2022	2021
Net cash used in operating activities	$ (18,590)	$ (11,067)
Net cash provided by (used in) investing activities	14,920	(22,605)
Net cash provided by financing activities	1,940	45,095
Net (decrease) increase in cash and cash equivalents	$ (1,730)	$ 11,423

Operating Activities

During the nine months ended September 30, 2022, the Company used cash of $18.6 million in operating activities, as compared to $11.1 million used in operating activities during the nine months ended September 30, 2021.

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

The $11.1 million used in operating activities during the nine months ended September 30, 2021 was primarily attributable to our net loss of $15.5 million during the period and changes in our operating assets and liabilities totaling $0.9 million. These items were offset by non-cash items, including stock-based compensation of $1.2 million, accretion of the debt discount on our convertible promissory notes of $0.8 million, the forgiveness of our PPP loan of $0.4 million, accrued interest on our convertible promissory notes of $0.1 million, accretion of discount on short-term investments of $0.1 million, compensation of nonemployee services upon the issuance of common stock of $0.1 million, the change in the fair value of the derivative liability of $0.1 million and the change in the fair value of the warrant liability of $1.6 million.

Investing Activities

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

During the nine months ended September 30, 2021 the Company used cash of $22.6 million in investing activities, consisting of $23.3 million in purchases of marketable securities and $0.3 million for the purchase of office and laboratory equipment, offset by maturities of short-term investments of $1.0 million.

Financing Activities

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

During the nine months ended September 30, 2021, the Company was provided cash of $45.1 million from financing activities, comprised of $45.0 million from the net proceeds of our initial public offering and $0.1 million from the issuance of common stock.

Off-Balance Sheet Transactions

At September 30, 2022, the Company did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

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 our disclosure controls and procedures were not effective as of September 30, 2022, 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. We identified one material weakness in our internal control over financial reporting at September 30, 2022 related to ineffective design and operation of our financial close and reporting controls. Specifically, we did not design and maintain effective controls over certain account reviews and analyses and certain information technology general controls. Although we are making efforts to remediate these issues, these efforts may not be sufficient to avoid similar material weaknesses in the future.

Inherent Limitations on Effectiveness of Controls

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

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the nine months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this report, the risks and uncertainties that we believe are most important for you to consider are discussed in Part I, "Item 1A. Risk Factors" in the 2021 Form 10-K. There have been no material changes to the risk factors described in the 2021 Form 10-K.

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

Use of Proceeds from Initial Public Offering

In connection with the IPO, on March 22, 2021, our Registration Statement on Form S-1, as amended (Reg. No. 333-252671) was declared effective by the SEC and, on March 23, 2021, our Registration Statement on Form S-1 (Reg. No. 333-254602) became effective upon filing with the SEC.

There has been no material change in the planned use of proceeds from the Offering as described in the prospectus for the Offering.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit Number	Description
3.1	Third Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 25, 2021)
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on March 25, 2021)
4.1	Specimen Certificate representing shares of common stock of the Registrant (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 filed on March 10, 2021)
4.2	Form of Underwriter Warrant (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1 filed on March 10, 2021)
4.3	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 Company's Registration Statement on Form S-1 filed on February 2, 2021)
4.4	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 Company's Registration Statement on Form S-1 filed on February 2, 2021)
4.6	Form of Warrant to Purchase Common Stock issued in 2020 (incorporated by reference to Exhibit 4.6 to the Company's Registration Statement on Form S-1 filed on February 2, 2021)
31.1	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)
31.2	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)
32.1	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)
101.INS	Inline XBRL Instance Document (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	MOVANO INC.
Date: November 14, 2022	By: /s/ *John Mastrototaro* John Mastrototaro Chief Executive Officer (Principal Executive Officer)
	MOVANO INC.
Date: November 14, 2022	By: /s/ *J. Cogan* J. Cogan Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

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

I, John Mastrototaro, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Movano Inc.:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

MOVANO INC.
(Registrant)

Date: November 14, 2022

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

Exhibit 31.2

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

I, J. Cogan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Movano Inc. :

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

MOVANO INC.
(Registrant)

Date: November 14, 2022

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

Exhibit 32.1

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

In connection with the Quarterly Report of Movano Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, John Mastrototaro, Chief Executive Officer of the Company, and J. Cogan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

/s/ *John Mastrototaro*	/s/ *J. Cogan*
John Mastrototaro	J. Cogan
Chief Executive Officer	Chief Financial Officer

Date: November 14, 2022