

**Movano**  
**Second Quarter 2022 Earnings Call**  
**August 15, 2022**

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**Presenters**

**John Mastrototaro - CEO**

**J. Cogan - CFO**

**Operator**

Greetings and welcome to the Movano Second Quarter 2022 Earnings Call. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star-zero on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, J. Cogan, Movano's Chief Financial Officer. Please go ahead.

**J. Cogan**

Thank you, operator. Good afternoon, everyone, and thank you for joining us today. Our CEO, John Mastrototaro, will open today's call with prepared remarks about the progress we've made during the second quarter of 2022 and in recent weeks. Afterward, I'll cover the highlights of our quarterly operating results and provide perspective on our financial position. Finally, Movano's founder and Chief Technology Officer, Michael Leabman, will join John and me for the Q&A.

Before we begin, I'd like to remind everyone that we will make forward-looking statements during today's call. Whether in prepared remarks or during the Q&A session, these forward-looking statements are subject to inherent risks and uncertainties. These risks and uncertainties are detailed in the risk factors section of our filings with the Securities and Exchange Commission, specifically in the company's forms 10-Q and 10-K.

Except as otherwise required by Federal Securities Laws, Movano disclaims any obligation to update or make revisions to such forward-looking statements contained herein or elsewhere to reflect changes in expectations with regards to those events, conditions, and circumstances.

Now I'd like to turn the call over to our CEO, John Mastrototaro.

**John Mastrototaro**

Welcome, everyone. Thank you for joining us for Movano's second quarter 2022 earnings call.

This year we have our sights set on one primary goal, preparing for commercialization of our first product, the Movano Ring, a sophisticated smart ring designed for women that blends the best features of medical and wellness devices to help them better understand the correlation between how they feel and various aspects of their health. To ensure readiness for our future launch, we are focusing on a few key areas.

First and foremost, we're gearing up for a beta test program in the second half of this year, which will help us optimize our product and prepare for a broad direct-to-consumer commercial launch.

Second, we're making great progress in developing relationships and creating partnerships across the broader healthcare landscape that are critical to building the foundation for an enterprise solution.

Finally, we're continuing to put our technology through clinical testing to gather more data, advance our algorithms, and work toward a suite of FDA clearances. We've made significant progress in each of these areas over the course of the last quarter and in recent weeks, and would like to update you on where we stand in today's call.

We've previously announced that we're planning for a limited beta release within the second half of 2022, and we're still on track to meet that milestone. To prepare for the beta, we are spending a significant amount of time alpha testing our device internally. To test the hardware, software, firmware, wearability, and battery life of our device, many of our employees have been wearing our ring prototypes as they go about their daily routines at home, at work, at the gym, and beyond.

We're running the ring through a series of different activities and scenarios, and then evaluating our data against a reference device to test the accuracy of our algorithms. We're absorbing all the feedback to continually improve our end-to-end solution. While internal testing can uncover many opportunities for improvement pre-commercialization, nothing can truly simulate a real user experience like a beta test.

There has been tremendous interest in supporting our beta program amongst major players in the pharmaceutical, medical device, digital health, and integrated health network sectors, as well as amongst leading universities. We are gearing up for beta evaluations in the fourth quarter with several of these prospective partners.

We're very excited to share that one of our beta partners is Stanford University's Applied Sports Science Department. Stanford is looking to apply the latest wearable technology like the Movano Ring to drive innovation that facilitates the ethical enhancement of athletic performance and improve the quality of life of Stanford athletes. The beta test represents an excellent opportunity to test our technology with a group of elite athletes who rely on health data to optimize their performance and feel their best.

Although we can't share the details of the other corporate partners at this juncture, we are planning to conduct additional betas later this year with a major global pharmaceutical company, a leading global diabetes-focused medical device company, and an integrated regional health network.

Despite the breadth of wearable devices available today, these beta testing partners are pursuing opportunities with Movano, as they believe in our vision to advance the healthcare industry forward with more usable and accessible medical devices, and it's a huge vote of confidence for a small company like ours.

Throughout our conversations, we've learned that they value our focus on women from the outset. They love our ring's sleek form factor and aesthetic designs. They're in sync with our decision to structure Movano as a medical device company to pursue FDA clearances and deliver medical grade data to consumers as a primary differentiator. They're also supportive of our goal to deliver cuffless blood pressure and non-invasive continuous glucose data to the market. And they share in our belief that good health is a fundamental human right, and healthcare technology should be more accessible to reach the broader market.

The way in which each potential partner will use our device may differ, but they all see the Movano Ring as a solution that could augment and differentiate their offerings to help them rise above the competition. The response to our call for beta partners demonstrates just how well many of the aspects of the Movano Ring are resonating on an individual consumer and enterprise basis.

The beta tests themselves will be an extremely valuable exercise for Movano, enabling us to collect data from a broader group of people, which will help us fine tune our algorithms. They'll serve as dry runs of the Movano customer experience, and ultimately they will be a crucial step in assessing how well the ring meets customers' expectations and the extent to which it's ready for release.

While we're preparing for the phase of testing through beta, we're also planning for our broader commercial launch, which we expect to commence in the first half of 2023. We know the success of our wearable solution is dependent on more than accurate measurements and sleek design. We need to create a service that's compelling for users over the long-term.

Our go-to-market team has brought on some fantastic partners this quarter who are helping us create a unique, customized, and valuable user experience from the very first touch point. These partners are helping us conduct research that allows us to delve deeper into the needs of our target audience, create compelling branding, develop a differentiated app experience that makes connections between daily health events and the wearer, and construct an intuitive website that enables frictionless purchase.

In conjunction with our partners, we've interviewed more than a thousand women to build a profile of our target customer and gain valuable insight into their needs throughout different life stages as well as their evolving motivations around digital wellness. The research is informing decisions we're making around our entire solution and giving us the confidence that we're developing an attractive and distinctive ring and app experience geared for our target audience.

As we're progressing closer to a launch date, we've hired two key employees on the go-to-market team to support our vision and goals. In August, we hired Daniel Amara as Vice President of User Experience and User Interface, and we are also bringing Jim Chambers onto the team as Vice President of Digital Marketing and Growth.

Daniel brings more than a decade of experience in UX design and launching products to the Movano team. In his most recent role as UX lead for Google Fitbit, he successfully launched a number of award-winning products, including Fitbit Sense, Fitbit Versa 3, and Fitbit Inspire. Prior to Fitbit, Daniel held various roles designing connected hardware/software products for brands like Toshiba, Alpine, and Chevrolet, and also consulted for hardware based start-ups with founders like Ben and Hermione Way and Peter Thiel.

As Movano's VP of UX and UI, Daniel will oversee the life cycle of Movano's products and work with the company's best-in-class design and engineering teams to identify new opportunities and product features that are important to Movano's customer base.

Jim Chambers has over a decade of experience in growth and digital marketing that will be crucial for the direct-to-consumer launch for the Movano Ring. Most recently, he was Vice President of Growth Marketing at Liteboxer, an elite connected fitness company. In this role, Jim developed and led the company's growth strategy, integrated multi-channel digital marketing campaigns to drive sales, and executed successful launches of two new products, the Liteboxer virtual reality in the U.S., Mexico, and Canada, and Liteboxer Go in the United States.

Prior to joining Liteboxer, Jim was Senior Director of Global E-Commerce and Sales and Marketing at Hydrow, a leading connected fitness rowing company. In this role, he set the overall growth strategy and metrics for sales and digital marketing in the U.S. and UK, and led the team to deliver over 10 times sales growth from 2019 to 2020. As Movano's VP of Digital Marketing and Growth, Jim will develop the company's digital growth strategies through innovative ROI-based customer approaches and data-driven acquisition strategies.

To arm future ring users with medically validated data, we are continuing to conduct clinical studies and work toward FDA clearances. Most recently, we completed a pilot study with the University of California San Francisco to test the ability of our platform to accurately measure heart rate and blood oxygen saturation, or SpO2, in a hypoxia study. The study was completed with seven subjects of mixed genders and ethnicities, and followed the same protocol that we expect will be required by the FDA for submission.

With results that exceeded the requirements of the industry standard used by the FDA for evaluating SpO2 devices, this successful study is a promising step for the company's goal to provide medically validated data to consumers and healthcare professionals. Based on the positive results from this study, Movano plans to conduct a larger pivotal study for the FDA submission later this year.

Aside from our beta and consumer launch planning, I wanted to provide a status update on our proprietary and patented system on a chip, the smallest ever custom millimeter-wave integrated sensor designed specifically for cuffless blood pressure or non-invasive glucose monitoring systems. The sensor was a major engineering feat for a couple of primary reasons.

One, it offers an opportunity for increased accuracy across a broader population because it is not affected by different skin tones. And two, it was fabricated using advanced processes in semiconductor technology, allowing for a small enough size to fit into a variety of form factors.

While the sensor will not be in our first ring, it gives us greater flexibility in the design of future medical devices and in our ability to offer a solution that's affordable so we can reach a larger, more diverse segment of people. You may recall from our last earnings call we have successfully validated the chip's functionality. The next step was to integrate it into a prototype system that's closer in size and shape to a final product.

As of today, we've received new circuit boards back and will be working to integrate them into new prototypes. We're planning to test the new prototype solution in a blood pressure study scheduled to commence in the third quarter, and we'll follow the blood pressure study with another glucose study shortly thereafter. With the smaller prototype, we plan to conduct longer and more complex studies, which will give us data needed to advance our blood pressure and glucose algorithms.

In intellectual property news, Movano was recently granted two new patents centered around our proprietary sensor, marking a total of nine U.S. patents currently issued to the company. The two new patents protect the system on a chip's agile method of understanding detailed features of wave forms that aid in estimating blood pressure or other analytes.

Pursuing FDA clearances, preparing for the beta evaluation, and building and launching a product from the ground up is no small feat. And although there's still a lot of work to be done on every front before we will be ready, we're confident in where we stand today. Our team has proven its ability to execute time and time again as we've met every milestone throughout the development process thus far.

At just over 40 people in the company, we're a small organization, but we've got the right people with the right experience leading our engineering, clinical, and go-to-market teams. With more than 80,000 website visits and nearly 7,000 consumers who have messaged us to

share their excitement about Movano, coupled with the tremendous amount of interest we've received for partnerships and beta opportunities since the announcement of the Movano Ring late last year, it's clear we're building the right product at the right time for the right consumer segment.

Our predecessors in the wearable space set the expectation of what a wearable can do, and Movano has an opportunity to redefine the wearable experience over time. Through our research, we've discovered the role of a wearable is evolving from a fitness to a health device. And as a result of COVID and recent political events, we see a permanent shift in the way people, especially women, think about their health.

They're focused on gaining more clarity and control over their health, understanding their body's signals, and finding solutions that promote prevention and longevity. We're focused on developing a new type of wearable with purpose-driven healthcare solutions at the intersection of med-tech and consumer devices that combine medically validated health data with personalized, intelligent feedback in ready-to-wear, beautifully designed form factors.

Grounded in innovation and creating the ideal blend of digital and physical experiences, we believe the authentic combination of our devices, insights, and community will pave the way for real connections and empower women to live healthier, happier, and more well balanced lives. We are so excited about the opportunity in front of us and are looking forward to delivering the Movano Ring to consumers.

I'll now turn it over to Jay to discuss the quarterly financials.

**J. Cogan**

Thanks, John. We detailed the financial results in today's second quarter earnings release, which you can find on our website, but I'll share a few key line items.

Movano reported an operating loss of \$6.8 million in the second quarter of 2022 compared to an operating loss of \$5 million in the year-ago period. The increase was primarily related to the expansion of our team and accelerated R&D and commercialization initiatives.

At the end of the second quarter of 2022, we had \$21.3 million of cash and cash equivalents and total assets of \$24.4 million.

We will not be providing specific financial guidance, but as you've heard in today's quarterly report as well as through our commentary on previous quarterly calls, we're making great progress and doing so on a capital efficient basis, as evidenced by today's news regarding our upcoming beta evaluations with multiple strategic partners, encouraging clinical studies' results, and plans for a direct-to-consumer launch of the Movano ring in the first half of 2023.

As that concludes our formal remarks, we'd be glad to take your questions. Operator, we're ready to begin the Q&A section of the call. Thanks.

### **Operator**

Thank you. We will now be conducting a question and answer session. If you dialed into the conference via phone and would like to ask a question, please press star-one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star-two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys.

If you've joined us from the webcast link, you can ask a question by clicking on the question mark icon and hitting send after you've typed in your question. One moment, please, while we poll for questions.

### **J. Cogan**

And operator, while we are waiting for the phone queue to develop, why don't we go ahead and take some of the questions from the webcast? I can see there's a few in queue already, so I'll go ahead and get started with those.

First question, John, I can take, has to do with the balance sheet and cash. Do you have enough cash to launch direct-to-consumer without raising capital? And when do you need to raise more capital?

Our cash burn was just over \$6 million in the second quarter of 2022, a little higher than the past couple quarters. And we had \$21.3 million in cash and equivalents at the end of the period.

As we've talked about in the past, capital deployment and efficiency are important strategic objectives for the company. We've been making very targeted investments over the past four years. That includes team building, clinical studies, tech development, and that's all served us very well. And we expect to continue to be very efficient as we go, both on an absolute basis as well as relative to our peer set.

We don't provide financial guidance, and we can't comment on the potential timing of a capital raise, as you're well aware. But as we've noted in our financial filings, we do expect to raise more capital over time, and we plan to continue to make good progress between now and whenever that might be.

For the second question, John, I think you can take this one, and it has to do with the planned beta programs. The question is: today's news with several strategic partners sounds like a meaningful catalyst for the company. Can you tell us a little more about the partners, the specifics of the beta programs, and the potential for an enterprise solution?

**John Mastrototaro**

Yeah, sure. That's great. Well, first off, I'd want to say that we're incredibly excited about the opportunity to partner with several leaders in healthcare as we test our initial Movano Ring.

As we said in the prepared remarks and also announced earlier today, Stanford University, through their Applied Sports Science Department, is looking to test wearable technology like our ring to help drive innovation and the ethical enhancement of athletic performance and improve the quality of life of Stanford athletes. So, we're excited to partner with them to evaluate our ring for those folks who are really the most elite of athletes, quite frankly, in the world, many of whom are Olympic athletes.

And then, while we can't name the other beta program partners at this time, as we did mention we're partnering with a major global pharmaceutical company, a leading global medical device company, as well as integrated health network organization. And I would like to say that the level of interest certainly suggests that there's potential for a significant enterprise opportunity for the company in the future.

We had unveiled the Movano Ring at the CES less than eight months ago. And as we've noted on prior calls, several elements of the ring and our mission have resonated broadly in our conversations with potential strategic partners: our focus on women, the medical grade data and the pursuit of FDA clearances, providing intelligent insights that connect cause and effect, and offering a solution that's affordable enough that it can be employed by a mass audience. So, based upon that, we feel like we're in a really good position as it relates to strategic partnerships.

And the beta programs, which are scheduled to kick off in the fourth quarter, are subtly different for each beta partner based upon their particular goals and the folks that they'll be using the ring with. But each of those programs is going to offer a valuable opportunity for us to collect feedback on our platform outside of the lab and get it out into the real world. So, we're very excited about where we stand today with that.

**J. Cogan**

Okay, great. Thanks, John.

I'm going to combine two questions into one here. They both have to do with the direct-to-consumer launch. One is just asking can we be a little bit more specific about the plans for the DTC launch for the ring. And then there's another question where they note that the single chip or the system on a chip is not going to be part of that first consumer ring, and can we expand on what technology is currently planned to be in the Movano Ring, the first product that we're launching.

**John Mastrototaro**



Well, let me handle the second part first. With regard to the system on a chip not in the first ring, because we have the chip back and we tested it. It's functional, but we need to put it into a prototype system to evaluate. We've decided to do that separately at this juncture.

The chip is small enough that it can fit into a ring form factor, which is great. And that's really a feat of our engineering team, to work with our foundry to make that happen, but we do want to evaluate it further and we want to use it in our prototype testing.

So, at this point, within the ring we have sensors that allow us to measure heart rate, heart rate variability, SpO2, respiration rate, temperature, sleep and sleep stages, activity levels, and calories burned, as well as cycle tracking for women, menstrual cycle tracking. So, that's where we are today. And then over time, we plan to add additional functionality into the product in future generations.

With regard to the direct-to-consumer launch, I first want to reiterate that we have a phenomenal go-to-market team spearheading the launch of our first product. Under their leadership, we've partnered with several world-class firms in the area of consumer research, app development, branding, website development, and more.

We're also making great progress in not only each of these areas, but notably in the research aspect, where it's proving out time and again that we're developing the right product for the right market at the right time. Obviously, there's still a lot of work for us to do, but we're bringing on additional team members as we need them. And as we highlighted in the call, we've brought in an exceptionally talented UX/UI designer and a new brand executive into the organization.

And we're just very excited about the opportunity in front of us, and we'll certainly keep you posted as we move forward. But as we said on the call, our plan is to commercialize the product in the first half of 2023.

#### **J. Cogan**

Okay. The next question from the webcast has to do with clinical studies. Please elaborate on the importance of the recent hypoxia study as well as the status of your clinical work on blood pressure and glucose.

#### **John Mastrototaro**

Well, as you know, medical grade data is a top priority for the company. We've constructed the organization as a medical device company from the outset. And so, we're really pleased with the results of our pilot hypoxia study, which is a major step forward for us.

And based upon the positive results, we're planning to conduct the larger pivotal study for the FDA submission later this year. Based upon the data that we saw from the first study, heart rate

and SpO2 would likely be the two parameters that we file with the FDA when that first submission goes to the agency later in the year.

We're also looking forward to the next round of the blood pressure and glucose studies that we plan to conduct this fall with the new single chip and the new prototype form factors, and we are expecting to get a higher level of data accuracy because of the fact that we've scaled down the size of the technology into the single chip.

We have more intimate contact between the antennas of the chip and the body, which will allow us to get more robust, cleaner signals that will hopefully help us in what we're doing for the blood pressure and glucose estimates that we're making with the product. We've recognized in the prior studies that, every time we scale down the size of the technology, we get better data. And so, this is the kind of the ultimate step in scale down, and we're really excited to see where these studies go.

Naturally, these are really hard problems to solve. It takes a lot of investment and a very highly talented team, but we've intentionally structured the organization to be able to address these technical challenges. And we think it was the right strategic decision to make, and it's encouraging to see the progress that we've made. And again, we're looking forward to the studies in the latter half of this year.

**J. Cogan**

Okay. Thanks, John.

It looks like we have one more question in the webcast. And operator, I'm not sure if there's any on the phone lines, but we can address that after this last question from the webcast. Can you provide just a few more details on the ring in regards to the pricing or subscription model or anything else about the direct-to-consumer launch?

**John Mastrototaro**

J., I'll let you go ahead and respond to that one since you're closer to it.

**J. Cogan**

Okay, great. So, we've talked about making our solution attractive and accessible to a wide audience and remain committed to that. We believe good health is a fundamental right, and we're continuing to develop the marketing strategy for the ring.

We're not in a position to be more specific on pricing or other features of the model at this time. But as we've stated in the past, we're looking to an economic model that we think will work both for our customers as well as shareholders.

Okay. Operator, are there any questions on the phone lines?

**Operator**

There aren't any.

**J. Cogan**

Okay, great. I think we can wrap up for today. Thank you, everybody, for your time today. As a reminder, you can stay connected and up to date on Movano news and events by checking out our investor website at [ir.movano.com](http://ir.movano.com).

**Operator**

This concludes today's teleconference. You may disconnect your lines at this time. And thank you for your participation and have a wonderful evening.