

**Movano**  
**Movano 1Q21 Earnings Call**  
**May 13, 2021**

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**Presenters**

**John Mastrototaro, CEO**

**J. Cogan, CFO**

**Michael Leabman, Founder, CTO**

**Q&A Participants**

**Jimmy Huggins – Private Investor**

**Operator**

Hello and welcome to Movano's First Quarter 2021 Business Update and Earnings Call. I'd like to remind everyone that this call is being recorded and a replay of the call will be available on Movano's website [ir.movano.com](http://ir.movano.com) for two years.

I would now like to hand the conference over to J. Cogan, Movano's Chief Financial Officer.

**J. Cogan**

Thanks, Paul. Good afternoon and thank you for joining us for Movano's First Quarter 2021 Earnings Call. We'll open today's call with prepared remarks from John Mastrototaro, Movano's new CEO. Afterwards, I'll cover the highlights of our first quarter 2021 financial results and provide perspective on our financial position, pro forma for the recently completed IPO. And then we'll open the call to questions.

Michael Leabman, Movano's founder and CTO will be joining John and I 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 perspective supplement filed with the SEC. Except as otherwise required by federal securities laws, Movano disclaims any obligation to update or make revisions, such for 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**

Thanks, J. And good afternoon, everyone. We appreciate you joining us for our first earnings call as a public company. Because this is our first call and my first opportunity to speak with you all, I think it would be valuable to discuss what Movano stands for, our mission, the huge unmet

healthcare need we plan to address and our philosophy on how to provide an optimal solution to this problem.

Movano was founded on our core belief that good health is a fundamental human right and run a multiyear mission to empower health conscious individuals, including those with chronic diseases such as diabetes and hypertension, to optimize their health journey with medical devices that are personalized, simple and smart. The scale of the chronic disease health crisis is a mess and the need to address it is immediate. With over 30 million people with diabetes and more than 100 million with hypertension, chronic disease has become an epidemic in the United States.

Moreover, nearly 90 million people in the U.S. have prediabetes, and an additional 100 million are pre hypertensive. Even those on the cusp of chronic disease can begin to experience damaging effects on their health. With \$1 of every \$5 U.S. healthcare dollars spent to treat these two conditions alone, the overall magnitude of these issues is alarming. And on a global scale, the data is equally concerning.

Now, as we're all aware, COVID-19 has disproportionately affected the wellbeing of those with chronic conditions and the pandemic has created a heightened awareness about the importance of one's health and the high risk of comorbidities. People have become more sensitive to the fact that managing their health is not just about being physically fit, but it's also a predictor of their future quality of life and their lifespan. Unfortunately, today's healthcare model gives consumers a very limited picture of the state of their health. Many of us see a doctor once a year and get a snapshot of our weight, blood pressure, and perhaps some basic blood work for that particular day. We leave our checkup with a handful of static health metrics until the following year.

But the reality is, these data points can vary greatly throughout the year. And every person young and old, would benefit from more continuous health data to better understand how simple lifestyle changes can improve health outcomes now and for the future. Fortunately, the good news is that the traditional health care model is changing. Consumers appetite for digital health offerings is increasing and there is a significant and growing interest in digital health technology that allows users to address their unique needs and life circumstances.

As we emerge from the pandemic, we believe consumers are looking for tools that give them two things, greater control over their health and confidence that they're optimally prepared for potential medical risks. And to maximize their utility, we believe these tools should be intelligent, affordable, and fit seamlessly into every lifestyle. When it comes to managing and treating a person's health, there's no one size fits all solution, even for people with the same underlying conditions. Consequently, we're creating noninvasive, costless and comfortable solutions that provide individuals and their network of doctors and caregivers, with the volume and frequency of data necessary to understand the correlation between a person's day to day choices and their health.

We also plan to distill their data down to simple yet meaningful feedback to allow users to take a more proactive approach to mitigating the risks of chronic disease and optimizing their health. Overall, what we're doing is revolutionary, but the steps to meet our end goal will be evolutionary. And in order to provide a better sense of what I mean by that, I'd like to switch gears and talk about my prior experience developing and gaining U.S. FDA clearance for the world's first continuous glucose monitoring system at MiniMed, which later became Medtronic Diabetes.

Back in the late 1990s, insulin pump therapy for people with type one diabetes was gaining traction, but we simply didn't have enough insight about what was happening with people's glucose levels throughout the day to maximize the utility of the pump, and more importantly, improve their overall control of diabetes. Because of the novelty of continuous glucose monitoring, we work very closely with the FDA and agreed upon a crawl, walk, run strategy. Our approach was designed to introduce CGM therapy in a well-controlled measured way that maximized it's utility while minimizing patient risk.

As a result, the first iteration of the product collected data over a few days but didn't provide real time information to the user. Over the next several years, we made incremental but critical enhancements to the technology, including real time display of data to users, alerts and advanced warning of high and low glucose excursions and transmission of real time data directly to the insulin pump, which later resulted in the first of many steps toward the creation of an artificial pancreas. These advancements were life changing but took many years to accomplish.

Today, CGMs are a multibillion dollar market, yet they're primarily only prescribed for people with type one diabetes and a very small cohort of type two patients. Despite these past advances, there is still an unmet demand for continuous glucose monitoring across a much broader range of persons with diabetes, prediabetes, and even health conscious individuals who are concerned about the risk of developing a chronic condition. The barrier to wider adoption has been due to the invasive, relatively expensive and cumbersome systems that were simply not designed for the general population. We believe Movano's technology can address this significant need with form factors that will appeal to millions of people.

Likewise, the blood pressure monitoring market is on the cusp of a similar multiyear cycle. To date, very little is known about the range of one's blood pressure levels in their daily life. Known as the silent killer, many people are not aware they have high blood pressure or hypertension until it is too late because there are typically no symptoms. We'd like to change that and bring data and insights to the masses who are generally in the dark about their blood pressure.

So, here's where we are today at Movano. Our team is developing an end to end solution that is powered by our noninvasive radio frequency technology platform. It's made up of proprietary

integrated circuits, antennas and algorithms, and is supported by apps and cloud infrastructure. We are progressing toward a single RF chip solution that will allow us to produce simple, smart and personalized devices in a variety of form factors that will give users actionable feedback to help improve their quality of life. We're employing the same crawl, walk, run approach that I've used in my previous roles in order to reach our end goal and we're off to a great start. Over the course of just three years, our small but highly specialized team has attained a number of major milestones which are worth highlighting.

In mid 2018, we built and tested our first discrete prototype, which proved out our novel millimeter wave radar architecture, and became the foundation for our future custom integrated circuits. By mid 2019, we were able to test our first noninvasive CGM prototype. While it was the size of a small pizza box, our initial testing confirmed the expectation that our technology can read glucose signals through the skin. Testing with this prototype allowed us to make some major breakthroughs on the miniaturization of our antennas and it progressed us toward a much smaller form factor.

Last year, we built an iPhone size prototype incorporating our own custom ICs. As our signal processing algorithms became more sophisticated, we were able to see arterial waveforms and separate the signals, which gave us the ability to simultaneously estimate blood pressure and pulse in addition to glucose levels. In December of last year, we used this prototype in our first set of external clinical studies, which our team worked hard to complete back to back in collaboration with an independent FDA compliant clinical lab.

We completed a blood pressure study on 40 people, and a glucose study on 10 persons with type one diabetes, and the results exceeded our expectations. It was our first opportunity to exercise our technology outside of our own labs, in order to test our current prototypes ability to track pulse pressure waveforms, as well as process and filter data after the study, to evaluate key modeling factors. We captured data from a diverse demographic based on gender, age, ethnicity, and weight, and a significant percentage of those tested were persons with diabetes and or hypertension. With the range of data we collected, our algorithm team was able to accelerate their modeling work and optimize their algorithms for future testing.

Our current solution is comprised of four custom integrated circuits, which allow us to generate glucose, blood pressure, and heart rate estimates, but it is evolving into a single chip solution, which will enhance our clinical testing process and enable us to provide devices in a variety of wearable form factors. To accelerate the process, we're rapidly expanding our team. This year alone, we've increased our staff by more than 50%, with the addition of eight employees, who are primarily seasoned engineers and senior med tech executives. This larger team allows us to expand the planned feature set of our first commercial device and institute the essential infrastructure and controls that are necessary for compliance within the regulated medical device industry.

Looking further down the road, we'll be working toward a much smaller and more power efficient prototype. The new prototype will allow us to conduct continuous testing on more subjects, and to conduct studies for extended periods of time. With this data, we will further refine the accuracy of our measurement algorithms. Ultimately, we're working toward a class two FDA clearance, but are also seeking potential opportunities for class to exempt or class one products.

We believe that our competitive advantage is that our patented technology can be deployed on a noninvasive and cut less basis, and be packaged in a small and stylish wearable, so wearers feel more like people, not patients. In addition, our solution will be priced more affordably for users and payers compared to existing medical devices. We believe our competitive features will drive rapid, widespread adoption.

Although I've been a director at Movano for about five months now, I've just recently taken on the role of CEO. Here are my initial impressions after six weeks on the job, and more about what drew me to the company. First, I'd like to say, I feel extremely privileged to have had the opportunity to work with industry leading medical device companies in the past. But I'm particularly excited to be joining this emergent company on its journey.

Movano's medical devices being designed to provide meaningful insights that allow users to help mitigate, delay or avoid the effects of chronic disease, and do so on a scale that has the potential to be much larger than my prior experiences. We can provide vital health data to a massive and underserved population, delivering value and improving health outcomes, while at the same time, building a durable enterprise and creating a significant value for our shareholders. I believe Movano's proprietary technology platform has tremendous potential. This is not an off the shelf tech solution, which means there are meaningful challenges and barriers to entry.

We're developing proprietary integrated circuits, antennas and algorithms designed around RF. These are not easy problems to solve, however, we're making good progress and the early data is promising. Additionally, we have a growing team that is seasoned, mission oriented and dedicated to executing over the next several years. Since joining, I've had the chance to spend one on one time with each and every one of our employees. They're genuine, hardworking, talented, and driven by our goals and potential.

Movano was focused on the four P's, philosophy, people, process and performance and we're building the infrastructure to support our growth and to endure. As I wrap up my statement, I want to be clear, we are still very early in our lifecycle as a company. We're pre revenue, and in some ways, this is effectively a public venture. But this is what you can expect from us. We're building our business with purpose, and we're building it to last. We're going to keep our heads down and focus on the mission at hand. We're focused on data, integrity and credibility. Healthcare is very personal, and we're committed to the user experience and building trust.

When we communicate to you, it will be through a public medium, and we'll be transparent in sharing news, whether it be for the better or worse. As there are for all companies, there'll be hurdles to overcome and challenging days. But we're going to press on, believing that good health is a fundamental human right, and that our audience is demanding simple, smart, and personalized solutions that will help them on their health journey to optimize for good health today, and help prevent, alleviate and manage chronic disease in the future.

We plan to provide our solution in a variety of form factors to meet individual style needs and give users actionable feedback and a sense of community in order to improve the quality of their lives. Solving problems of this magnitude requires time, patience, purpose and drive. We're looking forward to keeping you posted on our progress as we move through this journey together. Let me turn it back to J. to discuss the quarterly results and our balance sheet pro forma for the IPO.

### **J. Cogan**

Thanks, John. We detailed the financial results in today's first quarter earnings release, which you can find on our website, but let me focus on a few key line items. Movado reported a net loss attributable to common stockholders of \$8.1 million in the first quarter of 2021, or a loss of \$1.01 per basic and diluted share. We reported an operating loss of \$3.3 million in the first quarter of 2021 versus an operating loss of \$2 million in the year ago period.

On a year over year basis, the quarterly results were impacted by the expansion of our team and research and development activity, as well as by the cost and timing of our IPO in March, where the company issued 9.775 million shares, including the overallotment option at \$5 per share, for total gross proceeds of \$48.9 million. At the end of the first quarter, we had \$46.8 million of cash and cash equivalents on our balance sheet and total assets of \$49.4 million. We will not be providing financial guidance, but going forward, you should assume we will continue to build our team, increased R&D spending as we accelerate our medical device and external testing efforts and absorb an ongoing increase in SG&A costs now that Movado is a public company.

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

### **Operator**

Thank you. We will now be conducting a question and answer session. If you would like to ask a question, please press star, one, on your telephone keypad. A confirmation tone will indicate that 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. One moment please while we pull for questions.

Thank you. Our first question comes from Jimmy Huggins, private investor. Please proceed with your question.

**Jimmy Huggins**

Hey, guys. I have a two part question. We already know that you have a relationship with an important strategic partner for your chip development, production and global foundries. Can you talk more about the benefits of this relationship and how you think it'll help accelerate your development efforts?

And then the second part is, how do you see other strategic relationships playing out? And what types of companies are ideal for you, and or ideal partners? And what type of agreement would sway you, if any, from the go it alone approach that you have?

**John Mastrototaro**

Well, thank you for the question, Jimmy. First, let's address the first question about global foundries. Certainly, for a company of our size, the fact that we're able to create a strategic relationship was really important for us. And since Michael was heavily involved in setting this up initially, I'm going to go ahead and let Michael give you a little bit more detail around the value and benefit of that.

**Michael Leabman**

Thanks, John. Yeah. I think the key thing to note is, as a smaller company, it's really hard to usually have a direct relationship with a major foundry. So, the fact that we have a direct relationship, we're not going through a third party, means we have really great support for tape outs. We have really good pricing of course, which is going to be important in the future, as we scale. And I think the last is really important is, obviously, there's been a lot of shortage of chips recently, so having a relationship early before it becomes a problem and making sure that we get priority in the queue, as we do more tapes out is really extremely important. So, we're very grateful for our relationship with Global. It's been great to date and we expect it will continue.

**John Mastrototaro**

And then, Jimmy, with regard to your second question, and strategics, I mean, look, we're obviously pretty early right now, as a company. We are planning today to go it alone, but obviously, if the appropriate opportunity presented itself, we'll certainly be open to listen. Ultimately, we want to do what's best for our customers and for our shareholders. So, in terms of partnering, any relationship that could help us move faster with the development of our product, help us with our go to market strategy, which at this point, we're not really locking into a particular approach yet, but we're thinking about it. But anyone that can help us in any of those aspects, would certainly be someone that we would talk to. And J. probably also has a couple more comments to add to that.

**J. Cogan**

Yeah. Thanks, John. Hey, Jimmy. As John said, we're open to partnerships. We think there's gonna be many potential opportunities, considering the overlap here between Med tech, digital health, consumer electronics, and otherwise. We really want to democratize the process. We want to be able to provide the solution to millions of Americans and people around the world over time. And so, partners that can help with the technology development, distribution, or scaling of our efforts would clearly be of interest. And there obviously, could be investment opportunities that also could be very attractive.

So, we'd be amenable to such discussions as we move through time. We've been around for a while now; we know there's a lot of interest in what we and others are trying to do. We have had some, you know, early stage discussions, but again, they're just early stage and if there's anything ever to report, we will obviously let you all know.

**Jimmy Huggins**

Great. Great. All right, you guys. Thanks for taking my questions and good luck with everything.

**John Mastrototaro**

Thank you, Jimmy.

**Jimmy Huggins**

All right.

**Operator**

As a reminder, if you would like to ask a question, please press star, one, on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. There are no further questions at this time. I would like to turn the call back over to management for any closing comments.

**John Mastrototaro**

Thanks, Paul. Thank you, everybody, for dialing in today and we look forward to continuing to update you on future calls. And again, you can reach us at Movano on our website [movanoir.com](http://movanoir.com). Thank you.

**Operator**

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