

**Movano Health**  
**Third Quarter 2022 Earnings Call**  
**November 14, 2022**

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**Presenters**

**J. Cogan, Chief Financial Officer**

**John Mastrototaro, Chief Executive Officer**

**Michael Leabman, Founder & Chief Technology Officer**

**Stacy Salvi, Vice President of Strategy**

**Q&A Participants**

**Marie Thibault – BTIG**

**Operator**

Greetings. Welcome to the Movano Health Q3 2022 Earnings Call. At this time, all participants are in a listen-only mode. A 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. Please note, this conference is being recorded.

I will now turn the conference over to your host, J. Cogan. You may begin.

**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 third 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 Health's Founder and Chief Technology Officer, Michael Leabman and Stacy Salvi, our Vice President of Strategy will join John and me for the Q&A.

Before we begin, I would like to note we've made the conscious decision to change our company name to Movano Health to better align with our mission to make medical grade data accessible and actionable for all. While our legal company name will remain Movano Inc., our DBA is Movano Health, which we believe better reflects our identity.

I also want 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 Health 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**

Thank you, J., and welcome, everyone. Thank you for joining us for Movano Health's third quarter earnings call. We are on the cusp of bringing our first product to market, and our work over the last quarter continued to be laser focused on preparing for a successful commercial launch. After several years of research, we're confident that we're developing the right wearable health solution at the right time. Data from the American Heart Association and The Centers for Medicare & Medicaid Services has brought to light some pretty harsh realities. As of 2020, nearly 40% of Americans are living with a chronic illness, and in that same year, the U.S. spent almost 20% of its total GDP on healthcare.

When you layer on the impact the pandemic has had on consumers' overall health, we're in an environment where people are eager for a solution that helps them to better prevent or manage illness. Wearable devices offer an unparalleled opportunity for people to take control of their health outside of their annual doctor visit. While wearables have undoubtedly made people more aware of their health through data, the way it's presented, often in the form of complex graphs and charts, can be overwhelming for anyone who isn't an elite athlete and accuracy remains a concern.

At Movano Health, it is our mission to make medical grade data accessible and actionable for everyone. We're developing technology at the intersection of medical and consumer devices by combining medical grade accuracy with an intuitive user experience and contemporary and comfortable designs. Our goal is to create devices that consumers want to wear and can trust to deliver meaningful insights that help them improve health outcomes over time.

What makes us different is that we are a medical device company at our core and we're holding ourselves to a higher standard than traditional wellness companies by developing solutions that qualify for FDA clearance. Our commitment to commercializing FDA cleared wearable devices has presented a couple of major opportunities for us. The first is our direct-to-consumer launch of our smart ring and the opportunity to help women better understand what's going on with their bodies and motivate them to do the things they need to feel healthier.

As we researched the need state amongst consumers, it became clear that there is an imbalance between how engaged women are in the healthcare system, often making decisions for themselves and their families, and how much more likely they are to feel dismissed by the healthcare system, as well as how unprepared many women feel that the inevitable life stages they're going to experience. We aim to address these issues with our smart ring, which is launching in the first half of 2023.

Second, because we are the only wearable company pursuing FDA clearances on the entire solution, including our hardware, we believe there is a significant enterprise opportunity for

Movano Health working directly with a range of potential B2B partners. As we've highlighted in the past, healthcare entities such as pharmaceutical and medical device companies, as well as integrated health networks and insurers are looking for wearable solutions that can provide actionable medical grade data. We are proactively seeking such opportunities and are optimistic about the future potential given our medical device roots and the fact that many of these organizations have sought us out.

We've made significant progress in Q3 and recent months to bring these opportunities to life, and I want to go into more detail on our efforts. Throughout the third quarter and into Q4, we have been internally testing the ring experience to optimize accuracy, comfort, and battery life in anticipation of our first beta programs, which are slated to commence this quarter and continue into the early part of 2023. As it stands today, we're excited to have formalized beta programs with four excellent partners.

We recently announced that our first beta program will be with Novant Health, an integrated system of medical centers that reported over \$7 billion in revenue in 2021. With more than 1,800 physicians providing care through close to six million annual patient visits at nearly 800 locations across North Carolina, South Carolina, and Georgia, Novant Health is seeking novel technology like Movano Health's solutions that can provide doctors greater visibility into patients' day-to-day health metrics. The beta program will involve Novant's internal teams as they evaluate the technology for its possible use cases for patients. We're looking forward to kicking off the beta program with Novant Health in the near-term.

As we talked about our last earnings call, we're conducting a beta program with Stanford University's Applied Sports Science department. We'll be testing our device with a group of Stanford athletes in January to evaluate how our solution can improve performance and recovery. We'll also be conducting beta programs with two additional partners, a global pharmaceutical and a global medical device company as we previously highlighted in our second quarter 2022 earnings release.

We continue to be amazed with the depth of demand and anticipation for our beta program, confirming there's not only interest in what we're doing, but also in the category overall. We believe that leading pharmaceutical and medical device enterprises are seeking to participate in the company's beta programs as a result of our commitment to deploy medical grade data in a consumer wearable device, which has the potential to help these enterprises improve remote care, as well as provide critical clinical trial and post-market surveillance health data.

In addition to gearing up for our beta programs, we are working closely with our best-in-class marketing research partner and mobile app developer to build the brand and prepare for the commercial launch of our first product. Alongside these partners, we've interviewed over 1,000 women, held focus groups and conducted deep dives to identify key user journeys, so we develop a targeted and sticky user experience that meets or exceeds consumer needs.

Earlier this month, we put out our first newsletter to over 8,000 people who have contacted us through our website to gain credibility as thought leaders, engage our existing followers and lay the groundwork for our brand launch at CES in January 2023. At the show, we'll announce the new brand for our first product and unveil additional launch details.

We recently shared some exciting news about our ring. We're one step closer to our first FDA submission for the measurement of heart rate and SpO2. Following a successful pilot hypoxia study in July, which compared the accuracy of Movano Health's heart rate and SpO2 data to reference devices, we completed the pivotal hypoxia study in October. In the initial pilot study, our wearable solution achieved a margin of error well within the FDA's accuracy requirement for SpO2, and the ring also estimated heart rate with an accuracy commensurate with the FDA's standards.

Based on the positive results from the first study, we expect to achieve a similar level of accuracy from the second hypoxia study and plan to provide more information once the study data is officially released by the clinical center later this year or in early 2023. Assuming the results of the pivotal study are in line with the industry standard used by the FDA for evaluating SpO2 devices, we will be in a position to file for FDA clearance on these metrics early next year.

Another important health measure for any individual is the quality of their sleep. Because of this, we will initiate formal sleep studies before year-end to optimize our algorithms for sleep detection and assessment. As is the case with every metric we monitor, clinical evaluations will be conducted per regulatory requirements with an end goal of achieving optimal accuracy for the assessment of sleep disturbances.

While we're preparing for the commercialization of our first product, we continue to make good progress developing and testing our proprietary single chip solution, the smallest ever custom IC for cuffless blood pressure and non-invasive glucose monitoring. The last time we updated you, we were integrating the chip into the smallest risk worn wearable prototype we've built to date. We have since completed the integration and have successfully bench tested the prototype. We're about to evaluate the efficacy of the new prototype in a blood pressure study, which is scheduled to begin in Q4.

The study will take place at Movano's clinical lab with roughly 100 subjects. Shortly after the blood pressure study wraps up, we'll be testing the prototype in a glucose study. Each time we have reduced the size of our prototype in the past, we've seen major improvements in the fidelity of the RF data we collect, and we expect to achieve similar improvements with the new prototype as we march toward the opportunity to integrate such data into our wearable health solutions.

Our company is deeply committed to developing wearable devices that go beyond the status quo and give consumers a higher level of confidence and trust in their health data. Pursuing the medical device route is not easy. It requires extra infrastructure, documentation, testing, and

capital. However, we've received overwhelmingly positive feedback from potential strategic partners, consumers, as well as the media on our differentiated approach and feel confident in our direction.

At the same time, we've been very thoughtful about the investments we've made in our team and technology and believe we have been good stewards of capital on an absolute and relative basis. I'm truly excited to be part of a company with this broad range of opportunities ahead of us. There's a lot of excitement and anticipation building, and we're all looking forward to the day our product is introduced to the market.

**J. Cogan**

Thanks, John. We detailed the financial results in today's third quarter earnings release, which you can find on our website, but I'll share a few key line items. Movano Health reported an operating loss of \$8.7 million in the third quarter of 2022, compared to an operating loss of \$5.2 million in the year-ago period. The increase was primarily related to the expansion of our team, and accelerated R&D and commercialization initiatives.

Our cash burn in the period was \$6.4 million, in line with the prior three quarters. However, in third quarter 2022, the burn was partially offset by \$1.9 million in net proceeds raised via our \$50 million ATM facility. As you'll recall, we executed our ATM agreement in August of this year and raised nearly \$2 million in gross proceeds at an average price of \$2.94 per share over the last half of the quarter. We continue to view the ATM as an opportunistic source of capital and are pleased with the execution to date.

At the end of the third quarter, we had \$16.8 million of cash, cash equivalents and short-term investments and total assets of \$19.5 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 calls, we're making great progress toward the direct-to-consumer launch of our smart ring in the first half of 2023 and doing so on a capital-efficient basis.

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.

**Operator**

And at this time, we will 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 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 joined us over the webcast, you may type a question by clicking on the question mark icon, and then click send to submit your question. One moment please while we pull for questions.

**J. Cogan**

Operator, it looks like we do have a few questions through the webcast. I can start to read those questions and then we can come back to the phones afterwards.

**Operator**

Sure. No problem.

**J. Cogan**

Okay. The first question, Stacy, this looks like one that you can take. You mentioned the research you conducted recently and your focus on women. Can you talk a little bit more about why you decided to focus on this demo and any expansion plans you might have in the future?

**Stacy Salvi**

Sure, and thanks so much for the question, J. So as John mentioned, when we researched the need state amongst consumers, it was really clear how underserved women have been and continue to be. Studies show that women often feel left back by the healthcare system and can be dismissed when they go to the doctor and feel under-prepared for the inevitable life stages that they experience.

When we spoke with the one thousand women that John was talking about, they confirmed our understanding, leading us to the decision to lean in and build out a solution for her. We'll certainly speak more to this in the future, but to start, this really means being a resource that women can trust and providing a way for her to find balance, which is truly personal. And as we look beyond our first product, we of course have plans to develop solutions for everyone. We thought it was important to remain focused out of the gate on a population where there's a real gap in care.

**J. Cogan**

Okay. Great. Let's go to the second question. I think, John, you and Stacy can actually both answer this one. You mentioned you are well positioned to submit for FDA clearance and be the first medical grade wearable. Does this clearance matter to the average consumer?

**John Mastrototaro**

Thanks, J. I'll start. Before I get to the answer, how important the clearance is to the average consumer, let me first give a little bit more color to what we're doing with the data and how we get to the point we can file for FDA clearance. During the hypoxia study, the medical center that was conducting it for us periodically collected blood oxygen samples that they measured, which they're using as the control measurements for this study. They are sending us a time and date where they want us to provide our measure that they will then take back and they will look at the accuracy.

So, they're basically giving us a spreadsheet of times and dates. We have to populate that spreadsheet with the measurements from our device, send it back to them and then they'll do the analysis and fill it in. Assuming that the accuracy is where we hope and expect it will be based upon the prior study that we conducted, we'll be ready to file with FDA and we expect to do that in the very beginning of next year.

Now, in terms of the importance of the clearance, I first do want to comment a little bit about how important this is to healthcare entities. And as we've seen from major pharmaceutical companies coming to us, major medical device companies coming to us and integrated health networks like Novant Health coming to us, they are very much excited about the fact that we have a medical device and they really do see this as almost table stakes to be able to use a product like this in their processes, whether it is direct for patient care in the case of an integrated health network or whether it's for the purposes, for example, of conducting a clinical trial or post-market surveillance for a big pharma company. In all of these cases, they're looking for accurate data that they can trust, and having the FDA seal of approval behind it is really important for those B2B opportunities.

And with that, I'll pause and now turn it over to Stacy to talk a little bit about the importance of the clearance to the average consumer.

**Stacy Salvi**

Thanks, John. While consumers really are very familiar with fitness wearables, we believe that as this overarching space moves towards health, it's imperative to deliver medical grade data. FDA clearance allows us to make claims that we can diagnose, treat or help manage a particular condition, which over time will provide significant benefit to our user. Women in particular have been dealing with a wide variety of offerings in the health space that really don't always deliver or provide accurate information. We aim to be a trusted resource with FDA clearance, really redefining the expectations of wearable devices in general.

**J. Cogan**

Okay. Let's take one more question from the webcast, and then operator, it looks like we have one question to be asked on the phone. Stacy, do you want to take this one, as well? Can you tell us a little bit more about what you're planning to announce at CES?

**Stacy Salvi**

Sure. Last year we unveiled the ring concept, and we did so virtually due to COVID. We received great media response and we're excited to show all of our progress since that time. This year at CES, we will be announcing the launch of our new brand as well as our new website and showing the ring itself, and of course, the companion app along with several features. This is going to be our big push as we prepare for the commercial launch in the first half of 2023. We're going to be hosting meetings with strategic partners, media, analysts, and investors at our suite in Las Vegas. So be sure to reach out to us.

**J. Cogan**

Okay. Chris, do you want to queue the question over the phone?

**Operator**

Sure. And the first question that we have comes from the line of Marie Thibault with BTIG. Please proceed with your question.

**Marie Thibault**

Hi, good evening. Thank you, John, J., and Stacy for taking the questions. Congrats on this Novant beta program. I wanted to hear a little bit more about that, in terms of do you believe it will have any revenue contribution in 2023? And could this become sort of a template, if you will, for how Movano Health intends to sort of commercialize a more medical focused ring? Thank you.

**John Mastrototaro**

J., I'll start and then I'll turn it back over to you. Okay?

**J. Cogan**

Sounds good.

**John Mastrototaro**

Thanks for the question, Marie. First off, the way we've structured the beta programs is to give our partners an opportunity to experience and use the device as the first step, but every partner who's come to us has really come to us because they see that this could add value to them in their healthcare systems. I can't speak specifically to how broadly a Novant Health may want to use it, but in other discussions that I've had, I can tell you that payers or healthcare systems that are managing many individuals have cohorts who are typically high risk individuals as part of their practice. And I would envision that we have two opportunities in these networks.

One, for high risk people, I think they may want to provide the device to them just to be able to collect the data coming from the device so they can track and monitor their general health and wellbeing, how much activity they're getting, how well they're sleeping, but also their resting heart rate, respiration, SpO2, to just get a sense for their general health and be able to track that longitudinally to see if there's any changes over time. We do plan to seek reimbursement in the future, provided we can demonstrate the value of the technology. Now, our technology is not going to be very costly at all when compared to other medical devices, and so the financial bar that we have to get above in terms of the value of the product is not real high. But we do believe that by using the technology and us providing insights to users and explaining to them the cause and effect of their lifestyle and what it means to their health metrics, that we will have an opportunity to show real benefit with it as well.

I do believe as it relates to healthcare networks, that there could be significant opportunities in a B2B structure moving forward once we launch. And I think I'll pause there and turn it back over to J. for any follow-up.

**J. Cogan**

Thanks, John. I think you covered a lot. Hi, Marie, thanks for the question. I would just add that I think one of the things that really stands out for us, over the last year since we first announced that we were going to be launching a ring and doing it specifically for women, one of the things that really just stood out has been the general interest from potential partners, especially on the healthcare side. And while we're working with Novant and we've talked about others like Stanford and a few relatively large pharma and med device companies, we've also said publicly that we've been talking with a variety of other potential partners as well.

And I think the fact that we are a medical device company doing this with the intention of getting FDA clearances on the entire device really stands out. And so I think we've been just positively surprised in regards to this potential enterprise opportunity. We don't provide formal financial guidance and we haven't projected revenue or anything like that, but we do see this as a significant opportunity generally across pharma, med device, integrated health networks, et cetera. So, it's pretty exciting from that standpoint.

**Marie Thibault**

Very good. And yes, great to hear. Maybe I can ask my follow-up here on the manufacturing side. How are you doing in terms of manufacturing capacity? Do you feel that you'll be--or what more do you need to be doing, I guess, in order to ramp up for that first half 2023 commercial launch here? Thank you so much.

**John Mastrototaro**

Thank you, Marie. I can comment this way. From the day we hired our VP of Operations who's a very seasoned person with 30 years' experience in this space, we went out and started seeking and ordering components for our ring. And our team has done an exceptional job making sure that we have the inventory of the raw materials that we need.

We then struck a partnership with a multi-billion dollar contract manufacturing firm who also has really deep supply chain expertise and has their own initiatives in that area. And so we feel really good about where we stand right now in terms of our ability to first off have the raw material to make plentiful rings, but secondly, also with the manufacturing processes. And between us and our partner we spend a lot of time working through the manufacturing process itself and how to streamline that and be able to ramp up rather quickly. So if the demand does come, we think we're in a really good position to be able to address it.

**Marie Thibault**

Very good. That's all I had. Thank you.

**J. Cogan**

Okay. Operator, let's go back to the webcast. Looks like we have one more question there and I can actually take this question. Given the state of the financial markets, do you think you'll have to make any adjustments to the way that you're operating the business before you launch?

I would answer by saying that we've worked within our means over the last couple years as a public company, and obviously prior to that, as a private company. In our budgeting process, we've assumed the potential for turbulent times including the supply chain disruption that we've seen, inflation, et cetera. We've been very focused on capital efficiency. It is very much in our DNA, and I think you've seen that in the consistency of our financial results to-date. And we plan to continue to operate in such a fashion as we launch the ring and beyond.

It appears that was the last question from the webcast. Operator, are there any more questions on the phone lines?

**Operator**

No. There are no more questions over the phone.

**J. Cogan**

Okay. Well, thank you all for your time today. As a reminder, you can stay connected and up to date on Movano Health news and events by checking out our investor website at [ir.movano.com](http://ir.movano.com).

**Operator**

And this concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.