UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ 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

For the transition period from _______ to _______

Commission file number: 001-40932

CYNGN INC.
(Exact name of registrant as specified in its charter)

Delaware	**46-2007094**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1015 O'Brien Dr.
Menlo Park, CA 94025
(Address of principal executive offices) (Zip Code)

(650) 924-5905
(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, $0.00001	CYN	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, a 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 9, 2022, the issuer had 33,680,790 shares of common stock, par value $0.00001 per share, outstanding.

CYNGN INC.

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PART 1 — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CYNGN INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 30, 2022	December 31, 2021
Assets		
Current assets		
Cash	$ 5,631,256	$ 21,945,981
Restricted cash	50,000	50,000
Short-term investments	21,987,662	-
Prepaid expenses and other current assets	536,758	525,304
Total current assets	28,205,676	22,521,285
Property and equipment, net	654,642	102,787
Right of use asset, net	507,857	-
Intangible assets, net	364,382	30,917
Total Assets	$ 29,732,557	$ 22,654,989
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 299,069	$ 112,271
Accrued expenses and other current liabilities	135,020	295,156
Operating lease liability	511,660	-
Total current liabilities	945,749	407,427
Commitments and contingencies (Note 12)		
Stockholders' Equity		
Convertible Series A, B and C preferred stock, Par $0.00001; 10,000,000 shares authorized; none issued and outstanding as of as of September 30, 2022 and December 31, 2021	-	-
Common stock, Par $0.00001; 100,000,000 shares authorized; 33,672,636 and 26,487,680 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	337	265
Additional paid-in capital	158,970,365	138,740,827
Accumulated deficit	(130,183,894)	(116,493,530)
Total stockholders' equity	28,786,808	22,247,562
Total Liabilities and Stockholders' Equity	$ 29,732,557	$ 22,654,989

See accompanying notes to consolidated financial statements.

CYNGN INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Revenue	$ -	$ -	$ -	$ -
Operating expenses:				
Research and development	2,725,919	1,151,109	6,662,730	2,917,295
General and administrative	2,552,418	973,943	7,047,181	2,851,061
Total operating expenses	5,278,337	2,125,052	13,709,911	5,768,356
Loss from operations	(5,278,337)	(2,125,052)	(13,709,911)	(5,768,356)
Other income (expense), net				
Interest income (expense), net	4,677	(3,989)	2,691	(10,032)
Other income	14,296	29,856	16,856	35,808
Total other income, net	18,973	25,867	19,547	25,776
Net loss	$ (5,259,364)	$ (2,099,185)	$ (13,690,364)	$ (5,742,580)
Net loss per share attributable to common stockholders', basic and diluted	$ (0.16)	$ (2.17)	$ (0.45)	$ (5.94)
Weighted-average shares used in computing net loss per share attributable to common stockholders', basic and diluted	33,636,362	966,210	30,432,122	966,210

See accompanying notes to consolidated financial statements.

CYNGN INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)

	Convertible Preferred Stock		Common Stock		Additional Paid in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Three Months Ended September 30, 2022							
Balance as of June 30, 2022	-	$ -	33,575,334	$ 336	$ 158,196,733	$ (124,924,530)	$ 33,272,539
Exercise of stock options	-	-	81,000	1	16,510	-	16,511
Issuance of common stock in connection with issued RSUs	-	-	16,302	-	-	-	-
Stock-based compensation	-	-	-	-	757,122	-	757,122
Net loss	-	-	-	-	-	(5,259,364)	(5,259,364)
Balance as of September 30, 2022	-	$ -	33,672,636	$ 337	$ 158,970,365	$ (130,183,894)	$ 28,786,808

	Convertible Preferred Stock		Common Stock		Additional Paid in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Three Months Ended September 30, 2021							
Balance as of June 30, 2021	21,982,491	$ 220	951,794	$ 10	$ 114,387,563	$ (112,337,396)	$ 2,050,397
Exercise of stock options	-	-	14,416	-	8,080	-	8,080
Stock-based compensation	-	-	-	-	70,400	-	70,400
Net loss	-	-	-	-	-	(2,099,185)	(2,099,185)
Balance as of September 30, 2021	21,982,491	$ 220	966,210	$ 10	$ 114,466,043	$ (114,436,581)	$ 29,692

	Convertible Preferred Stock		Common Stock		Additional Paid in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Nine Months Ended September 30, 2022							
Balance as of December 30, 2021	-	$ -	26,487,680	$ 265	$ 138,740,827	$ (116,493,530)	$ 22,247,562
Exercise of stock options	-	-	717,041	7	114,162	-	114,169
Issuance of common stock in connection with issued RSUs	-	-	16,302	-	-	-	-
Issuance of common stock and pre-funded warrants in connection with the private placement offering, net of offering costs	-	-	3,790,322	38	11,989,471	-	11,989,509
Issuance of common warrants at fair value in connection with the private placement	-	-	-	-	6,132,436	-	6,132,436
Issuance of common stock upon exercise of pre-funded warrants	-	-	2,661,291	27	2,635	-	2,662
Stock-based compensation	-	-	-	-	1,990,834	-	1,990,834
Net loss	-	-	-	-	-	(13,690,364)	(13,690,364)
Balance as of September 30, 2022	-	$ -	33,672,636	$ 337	$ 158,970,365	$ (130,183,894)	$ 28,786,808

	Convertible Preferred Stock		Common Stock		Additional Paid in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Nine Months Ended September 30, 2021							
Balance as of December 31, 2020	21,982,491	$ 220	951,794	$ 10	$ 114,291,505	$ (108,694,001)	$ 5,597,734
Exercise of stock options	-	-	14,416	-	8,080	-	8,080
Stock-based compensation	-	-	-	-	166,458	-	166,458
Net loss	-	-	-	-	-	(5,742,580)	(5,742,580)
Balance as of September 30, 2021	21,982,491	$ 220	966,210	$ 10	$ 114,466,043	$ (114,436,581)	$ 29,692

See accompanying notes to consolidated financial statements.

CYNGN INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities		
Net loss	$ (13,690,364)	$ (5,742,580)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	411,512	68,597
Stock-based compensation	1,990,834	166,458
Gain on disposal of asset	-	(31,356)
Realized gain on short-term investments	(13,541)	-
Changes in operating assets and liabilities:		
Prepaid expenses, operating lease right-of-use assets, and other current assets	(835,747)	(268,930)
Accounts payable	186,797	211,957
Accrued expenses, lease liabilities, and other current liabilities	351,524	(88,812)
Net cash used in operating activities	(11,598,985)	(5,684,666)
Cash flows from investing activities		
Purchase of property and equipment	(639,545)	(18,224)
Disposal of assets	-	47,189
Acquisition of intangible asset	(340,850)	-
Purchase of short-term investments	(27,000,000)	-
Proceeds from maturity of short-term investments	5,025,879	-
Net cash (used in) provided by investing activities	(22,954,516)	28,965
Cash flows from financing activities		
Proceeds from private placement offering, net of offering costs	18,121,945	-
Proceeds from exercise of pre-funded warrants	2,662	-
Proceeds from Paycheck Protection Program Note	-	892,115
Proceeds from exercise of stock options	114,169	8,080
Net cash provided by financing activities	18,238,776	900,195
Net decrease in cash and restricted cash	(16,314,725)	(4,755,506)
Cash and restricted cash, beginning of period	21,995,981	6,456,190
Cash and restricted cash, end of period	$ 5,681,256	$ 1,700,684
Supplemental disclosure of cash flow:		
Cash paid during the period for interest and taxes	$ -	$ -
Supplemental disclosure of non-cash activities:		
Initial recognition of operating lease right-of-use assets and operating lease liabilities	$ 824,292	$ -
Acquisition of property and equipment included in accounts payable and accrued expenses	28,854	-

See accompanying notes to consolidated financial statements.

CYNGN INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

1. Description of Business

CYNGN Inc., together with its subsidiaries (collectively, “Cyngn” or the “Company”) was incorporated in Delaware in 2013. Cyngn Singapore PTE. LTD., a Singaporean limited company organized in 2015 and Cyngn Philippines, Inc., a Philippines corporation incorporated in 2018 are wholly owned subsidiaries. The Company is headquartered in Menlo Park, CA. Cyngn develops autonomous driving software that can be deployed on multiple vehicle types in various environments. The Company has been operating autonomous vehicles in production environments. Built and tested in difficult and diverse real-world environments, the self-driving system (DriveMod), fleet management system, and Software Development Kit combine to create a full-stack advanced autonomy solution designed to be modular, extendable, and safe. The Company operates one business segment.

Initial Public Offering

On October 22, 2021, the Company closed its initial public offering (the “IPO”) of 3,500,000 shares of its authorized common stock at an offering price of $7.50 per share. Simultaneously with the closing of the IPO, the common stock began trading on the NASDAQ Capital Market under the symbol “CYN.” The IPO generated net proceeds of $23.3 million after deducting underwriting discounts, commissions and offering expenses. The Company also granted its underwriters the election to exercise a 45-day over-allotment option to purchase an additional 525,000 shares of common stock at the IPO offering price, less underwriting discounts.

Simultaneous with the closing of its IPO, the Company also issued 140,000 warrants (the “Purchase Warrant”) to the underwriters. Each Purchase Warrant entitles its holder the option to purchase at a future exercise date, one share of common stock at an initial exercise price of $9.375 per share, subject to certain adjustments and restrictions relating to subsequent resale and transfers. The Purchase Warrants are currently exercisable and expire on October 18, 2026. The Purchase Warrants met all the criteria for equity classification and as such, do not require subsequent remeasurement after the issuance (see Note 7. Capital Structure).

At the completion of the IPO, all shares of the Company’s outstanding redeemable convertible preferred stock automatically converted to shares of common stock (see Note 7. Capital Structure).

Immediately after the IPO, the Company filed an amended and restated certificate of incorporation, which became effective on October 22, 2021. The amended and restated certificate of incorporation authorized 110,000,000 shares consisting of 100,000,000 shares of common stock, at a par value of $0.00001, and 10,000,000 shares of preferred stock at a par value of $0.00001. The rights of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that the Company may designate in the future.

Private Placement Offering

On April 28, 2022, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with certain accredited and institutional investors for a private placement offering (“Private Placement”) of the Company’s common stock (the “Common Stock”) and pre-funded warrants (the “Pre-Funded Warrants”) and warrants exercisable for Common Stock (the “Common Warrants”). Pursuant to the Purchase Agreement, the Company sold (i) 3,790,322 shares of its Common Stock together with Common Warrants to purchase up to 3,790,322 shares of Common Stock, and (ii) 2,661,291 Pre-Funded Warrants with each Pre-Funded Warrant exercisable for one share of Common Stock, together with Common Warrants to purchase up to 2,661,291 shares of Common Stock. The Common Warrants totaled 6,451,613. The Company allocated the proceeds between the Common Stock, Pre-Funded Warrants, and Common Warrants on a relative fair value basis and recorded the amount allocated to the Common Warrants within additional paid-in capital on the accompanying consolidated balance sheet as the Common Warrants met all the criteria for equity classification. As the Common Warrants were equity classified, they do not require subsequent remeasurement after the issuance (see Note 7. Capital Structure).

The Pre-Funded Warrants were exercised in full in May 2022 at a nominal exercise price of $0.001. Each share of Common Stock and accompanying Common Warrant were sold together at a combined offering price of $3.10, and each Pre-Funded Warrant and accompanying Common Warrant were sold together at a combined offering price of $3.09.

The Common Warrants have an exercise price of $2.98 per share (subject to adjustment as set forth in the warrant), are exercisable upon issuance and will expire five years from the date of issuance. The Common Warrants contain standard adjustments to the exercise price including for stock splits, stock dividend, rights offerings and pro rata distributions. There were no Common Warrants exercised as of September 30, 2022 (see Note 7. Capital Structure).

The Private Placement closed on April 29, 2022. The Company received gross proceeds of approximately $20 million before deducting transaction related expenses payable by the Company. All qualified legal, accounting, registration and other direct costs related to the Private Placement were offset against the gross proceeds. The Company intends to use the net proceeds to fund its cash needs.

Liquidity

The Company has incurred losses from operations since inception. The Company incurred net losses of $13.7 million and $5.7 million for the nine months ended September 30, 2022 and 2021, respectively. Accumulated deficit amounted to $130.2 million and $116.5 million as of September 30, 2022 and December 31, 2021, respectively. Net cash used in operating activities was $11.6 million and $5.7 million for the nine months ended September 30, 2022 and 2021, respectively.

The Company's liquidity is based on its ability to enhance its operating cash flow position, obtain capital financing from equity interest investors and borrow funds to fund its general operations, research and development activities and capital expenditures. The Company's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenue while controlling operating costs and expenses to generate positive operating cash flows and obtaining funds from outside sources of financing to generate positive financing cash flows. As of September 30, 2022, the Company's unrestricted balance of cash was $5.6 million and the short-term investments balance was $22.0 million. As of December 31, 2021, the Company's unrestricted balance of cash was $21.9 million. The Company did not hold any investments as of December 31, 2021.

Based on cash flow projections from operating and financing activities and the existing balance of cash and short-term investments, management is of the opinion that the Company has sufficient funds for sustainable operations and it will be able to meet its payment obligations from operations and debt related commitments for at least one year from the issuance date of this report on its consolidated financial statements. Based on the above considerations, the Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements as of and for the nine months ended September 30, 2022 and 2021 have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and pursuant to applicable rules and regulations of the Securities and Exchange Commission ("SEC"). These financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal years ended December 31, 2021, and 2020, which was filed with the SEC on March 24, 2022.

The accompanying unaudited consolidated financial statements have been prepared on a consistent basis with the audited consolidated financial statements for the fiscal years ended December 31, 2021, and 2020, and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly state the information set forth herein. There have been no changes to the Company's significant accounting policies described in its Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and 2020 that have had a material impact on the consolidated financial statements and the related notes.

The results reported for the interim period presented are not necessarily indicative of results that may be expected for any subsequent quarter or for the full year December 31, 2022. These unaudited consolidated financial statements include all adjustments and accruals that are necessary for a fair statement of all interim periods reported herein.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany accounts and transactions have been eliminated upon consolidation.

Foreign Currency Translation

The functional and reporting currency for Cyngn is the U.S. dollar. Monetary assets and liabilities denominated in currencies other than U.S. dollar are translated into the U.S. dollar at period end rates, income and expenses are translated at the weighted average exchange rates for the period and equity is translated at the historical exchange rates. Foreign currency translation adjustments and transactional gains and losses are immaterial to the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date, as well as reported amounts of revenue and expenses during the reporting period. The Company's significant estimates and judgments include but are not limited to share-based compensation. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, which is placed with high-credit-quality financial institutions, and at times exceeds federally insured limits.

Cash maintained with domestic financial institutions generally exceed the Federal Deposit Insurance Corporation insurable limit. To date, the Company has not experienced any losses on its deposits of cash. Cyngn invests in U.S. Treasury securities and carries these at amortized cost and recognizes gains and losses when realized.

Concentration of Supplier Risk

The Company is not currently in the production stage and generally utilizes suppliers for outside development and engineering support. The Company does not believe that there is any significant supplier concentration risk as of September 30, 2022 and December 31, 2021.

Cash, Restricted Cash and Short-term Investments

The Company considers its bank accounts and all highly liquid investments that are both readily convertible to cash with minimal risk of changes in value due to changes in interest rates, to be cash equivalents. As of September 30, 2022 and December 31, 2021, the Company had $5.6 million and $21.9 million of cash and no cash equivalents.

In addition, as of September 30, 2022 and December 31, 2021, the Company had $50,000 in restricted cash reported separately as current assets on its consolidated balance sheets. The Company's restricted cash consists of cash that the Company is obligated to maintain in accordance with the terms of its credit card spending arrangement.

The following table provides a reconciliation of cash and restricted cash to amounts shown in the consolidated statements of cash flows:

	September 30,	
	2022	2021
Cash	$ 5,631,256	$ 1,650,684
Restricted cash	50,000	50,000
Total cash and restricted cash	$ 5,681,256	$ 1,700,684

The Company considers short-term investments to include marketable U.S. government securities that it intends to hold until maturity and redeem within one year. The Company treated its U.S. government treasury bill placements as held-to-maturity securities in accordance with the Financial Accounting Standards Board's ("FASB') Accounting Standards Codification Topic ("ASC") 320, "Investments – Debt and Equity Securities" and recorded these at its amortized cost on the accompanying consolidated balance sheet as of September 30, 2022.

Fair Value of Financial Instruments

The Company complies with the accounting guidance under ASC Topic 820, "Fair Value Measurements" that defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2: Observable inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Repair and maintenance costs are expensed as incurred. Assets are held as construction work in progress until placed into service, at which date depreciation commences over the estimated useful lives of the respective assets. Depreciation is recorded on a straight-line basis over each asset's estimated useful life.

Property and Equipment	Estimated useful lives
Computer and equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	Shorter of 3 years or remaining lease term
Automobile	5 years

Leases

The Company accounts for leases in accordance with ASC Topic 842 ("ASC 842"). All contracts are evaluated to determine whether or not they represent a lease. A lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are classified as finance or operating in accordance with the guidance in ASC 842. The Company does not hold any finance leases. The Company recognized a "right-of-use" asset and lease liability in the consolidated balance sheets under ASC 842 on the office space lease that was amended and renewed in February 2022. On a prospective basis, lease expense will be recognized on a straight-line basis over the remaining term of the lease. Operating leases are recognized on the balance sheet as right-of-use assets, and operating lease liabilities.

Upon adoption of ASC 842, the Company elected the "package of practical expedients" which allowed it to not reassess: (a) whether expired or existing other contracts are or contain leases, (b) the lease classification for any expired or existing leases, and (c) the treatment of initial direct costs relating to any existing leases as of the adoption date. The package of practical expedients was made as a single election and was applied to the lease renewed in February 2022.

Upon adoption of ASC 842, the Company also elected the practical expedient to not separate non-lease components, such as common area maintenance, from associated lease components for its ground and office space leases (see Note 4. Leases).

Long-Lived Assets and Finite Lived Intangibles

The Company has finite lived intangible assets consisting of patents and trademarks. These assets are amortized on a straight-line basis over their estimated remaining economic lives. The patents and trademarks are amortized over 15 years.

On April 1, 2022, the Company entered into an agreement for exclusive rights to certain hardware and software products and the rights to subsequently sell the software products and accompanying services. The Company paid a purchase price of $100,000 for these rights. The Company evaluated if substantially all of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets to determine if the transaction should be accounted for as an asset acquisition. Since the only substantive assets acquired pertained to rights to the intellectual property, the entire purchase price was allocated to intellectual property and accounted for as intangible assets with a useful life of 15 years. In accordance with ASC 805-50, *Business Combination*, the agreement was treated an asset acquisition rather than a business combination.

The Company reviews its long-lived assets and finite lived intangibles for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The events and circumstances the Company monitors and considers include significant decreases in the market price of similar assets, significant adverse changes to the extent and manner in which the asset is used, an adverse change in legal factors or business climate, an accumulation of costs that exceed the estimated cost to acquire or develop a similar asset, and continuing losses that exceed forecasted costs. The Company assesses the recoverability of these assets by comparing the carrying amount of such assets or asset group to the future undiscounted cash flow it expects the assets or asset group to generate. The Company recognizes an impairment loss if the sum of the expected long-term undiscounted cash flows that the long-lived asset is expected to generate is less than the carrying amount of the long-lived asset being evaluated. An impairment charge would then be recognized equal to the amount by which the carrying amount exceeds the fair value of the asset.

Income Taxes

The Company accounts for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. Due to the Company's lack of earnings history, the net deferred tax assets have been fully offset by a valuation allowance as of September 30, 2022 and December 31, 2021 (see Note 11. Income Taxes).

There are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analysis of or changes in tax laws, regulations and interpretations thereof as well as other factors.

Stock-based Compensation

The Company recognizes the cost of share-based awards granted to employees and directors based on the estimated grant-date fair value of the awards. Cost is recognized on a straight-line basis over the service period, which is generally the vesting period of the award. The Company recognizes stock-based compensation cost and reverses previously recognized costs for unvested awards in the period forfeitures occur. The Company determines the fair value of stock options using the Black-Scholes option pricing model, which is impacted by the fair value of common stock, expected price volatility of common stock, expected term, risk-free interest rates, and expected dividend yield.

Net Loss Per Share Attributable to Common Stockholders

The Company computes loss per share attributable to common stockholders by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding. Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to issue shares were exercised into shares. In calculating diluted net loss per share, the numerator is adjusted for the change in the fair value of the shares (only if dilutive) and the denominator is increased to include the number of potentially dilutive common shares assumed to be outstanding (see Note 8. Net Loss per Share Attributable to Common Stockholders).

Revenue Recognition

The Company has not generated any revenues for the three months ended September 30, 2022 and 2021, and the nine months ended September 30, 2022 and 2021.

Recent Accounting Standards

There were no significant updates to the recently issued accounting standards. Although there are several other new accounting standards issued or proposed by the FASB, the Company does not believe any of those accounting standards have had or will have a material impact on its financial position or operating results.

3. Balance Sheet Components

Financial Instruments

The Company's short-term investments consisted of U.S. government treasury bills, which are accounted for as held-to-maturity ("HTM") securities. HTM securities are carried at adjusted cost and, as a result, are not remeasured to fair value on a recurring basis. As of September 30, 2022, the adjusted cost of the Company's U.S. government treasury bills totaled $22.0 million, which approximated its fair value based on Level 1 inputs. All of the Company's short-term investments will mature within six months of September 30, 2022. The Company did not hold any investments as of December 31, 2021.

Property and Equipment

Property and equipment is comprised of the following:

	September 30, 2022	December 31, 2021
Automobiles	$ 397,816	$ 279,617
Furniture and fixtures	176,280	133,102
Computer and equipment	366,522	76,048
Leasehold improvement	57,451	-
Construction work in progress	130,243	-
Property and equipment, gross	1,128,312	488,767
Less: accumulated depreciation	(473,670)	(385,980)
Total property and equipment, net	$ 654,642	$ 102,787

Depreciation expense for the three months ended September 30, 2022 and 2021 was $42,285 and $21,913, respectively, and for the nine months ended September 30, 2022 and 2021 was $87,690 and $65,998, respectively.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are comprised of the following:

	September 30, 2022	December 31, 2021
Credit card payable	$ 19,672	$ 11,678
Accrued expenses	47,390	82,478
Accrued payroll	67,958	201,000
Total accrued expenses and other current liabilities	$ 135,020	$ 295,156

On March 27, 2020, the United States Congress passed the Coronavirus, Aid, Relief and Economic Security Act (the "CARES Act") in response to the economic impact of the coronavirus ("COVID-19") pandemic in the United States (see Note 13. Risks and Uncertainties). Section 2302 of the CARES Act allowed employers to defer the deposit and payment of the employer's share of social security taxes that were otherwise required to be deposited between March 27 and December 31, 2020, and to pay the deferred taxes in two installments — with the first half due on December 31, 2021, and the remainder by December 31, 2022. As of December 31, 2021, the Company remitted $67,958 in social security taxes due that were deferred between May 1 and December 31, 2020. The remaining $67,958 is expected to be paid prior to December 31, 2022.

Section 2301 of the CARES Act also provided refundable employee retention credits (the "ERC") against certain employment taxes. The Company is currently evaluating its eligibility to claim the ERC and the impact of the credits on its consolidated statement of operations.

4. Leases

The Company leases its office space in Menlo Park, California, under a lease agreement which expired in February 2022 and was subsequently renewed and amended for an 18 month term that expires in August 2023. Monthly payments are approximately $47,000. The lease includes non-lease components (i.e. common area maintenance costs) that are paid separately from rent based on actual costs incurred.

The Company's future lease payments under non-cancellable leases as of September 30, 2022 are as follows, which are presented as lease liabilities on the Company's consolidated balance sheet:

Period	Operating Lease
Remainder of 2022	$ 139,705
2023	382,326
Total lease payments	522,031
Less: imputed interest	(10,371)
Present value of lease liabilities, all current	$ 511,660
Weighted-average remaining lease term (in years)	0.92
Weighted-average discount rate	3.92%

Lease expense under the Company's operating lease was $142,037 and $60,383 for the three months ended September 30, 2022 and 2021, respectively, and $375,610 and $175,391 for the nine months ended September 30, 2022 and 2021, respectively.

The amortization of the operating lease right-of-use assets totaled $135,326 and $0 for the three months ended September 30, 2022 and 2021, respectively, and $316,436 and $0 for the nine months ended September 30, 2022 and 2021, respectively.

5. Intangible Assets, Net

The gross carrying amount and accumulated amortization of separately identifiable intangible assets are as follows:

	As of September 30, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	$ 247,850	$ (6,996)	$ 240,854
Trademark	45,000	(19,250)	25,750
Rights to intellectual property	100,000	(2,222)	97,778
Total intangible assets	$ 392,850	$ (28,468)	$ 364,382

	As of December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patent	$ 7,000	$ (4,083)	$ 2,917
Trademark	45,000	(17,000)	28,000
Total intangible assets	$ 52,000	$ (21,083)	$ 30,917

Amortization expense for the three months ended September 30, 2022 and 2021 was $4,798 and $867, respectively, and for the nine months ended September 30, 2022 and 2021 was $7,385 and $2,600, respectively.

Estimated amortization expense for all intangible assets subject to amortization in future years is expected to be:

Years Ending December 31,	Amortization
Remainder of 2022	$ 6,547
2023	26,190
2024	26,190
2025	26,190
2026	26,190
Thereafter	253,075
Total	$ 364,382

6. Debt

Paycheck Protection Program Note

In April 2020, the Company entered into a Note with JPMorgan Chase (the "Lender") under the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP") established under Section 1102 of the CARES Act, pursuant to which the Company borrowed $695,078 (the "Note"). The Note accrues interest at a rate of 0.98% per annum and matures in 24 months from the date of the Note. The Note may be repaid at any time with no prepayment penalty. All of the funds received under the PPP had been used for qualified purposes. The Company applied for forgiveness of the Note in accordance with PPP guidelines, and in October, 2021, received approval of the forgiveness application. As of September 30, 2022 and December 31, 2021, there was no outstanding balance for the Note.

In February 2021, the Company entered into a second Note (the "PPP2 Note") with the Lender, pursuant to which the Lender agreed to make a loan to the Company under the PPP offered by the SBA in a principal amount of $892,115 pursuant to Title 1 of the CARES Act. The PPP2 Note matures in five years with interest accruing at 0.98% per annum. Proceeds of the PPP2 Note are available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves; rent; utilities; and interest on certain other outstanding debt. All of the funds received under the PPP2 Note were used for qualified purposes during 2021. The Company applied for forgiveness of the loan in accordance with PPP guidelines, and in November, 2021, received approval of the forgiveness application. As of September 30, 2022 and December 31, 2021, there was no outstanding balance for the PPP2 Note.

7. Capital Structure

Common Stock

As of September 30, 2022 and December 31, 2021, the Company is authorized to issue 100,000,000 shares of common stock with a par value of $0.00001 per share. As of September 30, 2022 and December 31, 2021, the Company had 33,672,636 and 26,487,680 shares of common stock issued and outstanding, respectively. Holders of common stock have no preemptive, conversion or subscription rights and there is no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that the Company may designate in the future.

Warrants

The following warrants were outstanding as of September 30, 2022, all of which contain standard anti-dilution protections in the event of subsequent rights offerings, stock splits, stock dividends or other extraordinary dividends, or other similar changes in the Company's common stock or capital structure, and none of which have any participating rights for any losses:

Securities into which warrants are convertible	Warrants outstanding	Exercise Price	Expiration Date	Fair value
Common stock (Initial Public Offering)	140,000	$ 9.375	October 2026	$ 170,397
Common stock (Private Placement)	6,451,613	$ 2.98	April 2027	6,132,436
Total	6,591,613			$ 6,302,833

The Company accounts for warrants in accordance with ASC 480, *Distinguishing Liabilities from Equity*, depending on the specific terms of the warrant agreement. The Company determined the fair value of the warrants using the Black-Scholes pricing model and treated the valuation as equity instruments in consideration of the cashless settlement provisions in the warrant agreements. The warrants are not marked-to-market each reporting period, thus there is no impact to earnings. Any future exercises of the warrants will be recorded as cash received and recorded in cash, with a corresponding increase to common stock and additional paid-in capital in equity.

The Company used the following assumptions:

	Initial Public Offering Warrants	Private Placement Warrants
Fair value of underlying securities	$ 2.88	$ 1.37
Expected volatility	51.0%	45.0%
Expected term (in years)	5.0	5.0
Risk-free interest rate	1.13%	2.92%

Convertible Preferred Stock

In October 2021, the Company amended its Certificate of Incorporation and revised the number of preferred stock shares authorized for issuance to 10,000,000 shares at a par value of $0.00001. As of September 30, 2022, there were no shares issued and outstanding against these shares.

Conversion

The Company's convertible preferred stock shares that were outstanding at the completion of the IPO on October 20, 2021 automatically converted to shares of common stock on a 1:1 basis. Prior to the completion of the IPO, the Company was authorized to issue up to 21,982,491 shares of preferred stock at a par value of $0.00001.

The authorized, issued and outstanding shares of the convertible preferred stock and liquidation preferences prior to the IPO were as follows:

Series	Shares Authorized	Shares Issued and Outstanding	Per Share Liquidation Preference	Aggregate Liquidation Amount	Gross Proceeds
Series A	10,157,843	10,157,843	0.6842	6,949,996	6,949,996
Series B	6,567,670	6,567,670	3.3939	22,290,015	22,290,015
Series C	5,256,978	5,256,978	15.7933	83,025,031	83,025,031
	21,982,491	21,982,491		112,265,042	112,265,042

Dividends

The holders of preferred stock are entitled to receive dividends, when and if declared by the Company's Board of Directors, out of any legally available funds. The holders of preferred stock are entitled to receive dividends, prior and in preference to dividends declared on common stock, at the rate of: Series A - $0.0411 per share per annum; Series B - $0.2036 per share per annum; and Series C - $0.9476 per share per annum. Dividends are non-cumulative and will be paid pro rata, on an equal priority, pari passu basis. After payment of preferred stock dividends, any additional dividends will be paid ratably among holders of common stock and preferred stock on an as converted to Common Stock basis. As of September 30, 2022 and December 31, 2021, no dividends have been declared.

Voting

The holder of each share of Preferred Stock is entitled to voting rights equal to the number of shares of common stock.

Preferred stockholders shall cast the number of votes equal to the number of whole shares of common stock into which the shares of Preferred Stock held by such holder are convertible. So long as any shares of Series A Preferred Stock remain outstanding, the holders of the Series A Preferred Stock, voting as a separate class, are entitled to elect one director of the Company. So long as any shares of Series B Preferred Stock remain outstanding, the holders of the Series B Preferred Stock, voting as a separate class, are entitled to elect one director of the Company. So long as any shares of Series C Preferred Stock remain outstanding, the holders of the Series C Preferred Stock, voting as a separate class, are entitled to elect one director of the Company. The holders of Common Stock, voting as a separate class, are entitled to elect two directors of the Company. The holders of Preferred Stock and Common Stock, on an as converted to basis, are entitled to elect any remaining members to the Board of Directors.

8. Net Loss Per Share Attributable to Common Stockholders

The following table summarizes the computation of basic and diluted loss per share:

	Three months ended September 30,	
	2022	**2021**
Net loss attributable to common stockholders	$ (5,259,364)	$ (2,099,185)
Basic and diluted weighted average common shares outstanding	33,636,362	966,210
Loss per share:		
Basic and diluted	$ (0.16)	$ (2.17)

	Nine months ended September 30,	
	2022	**2021**
Net loss attributable to common stockholders	$ (13,690,364)	$ (5,742,580)
Basic and diluted weighted average common shares outstanding	30,432,122	966,210
Loss per share:		
Basic and diluted	$ (0.45)	$ (5.94)

Basic loss per share is based upon the weighted average number of shares of common stock outstanding during the period. Diluted loss per share would include the effect of unvested restricted stock awards and the convertible preferred Stock; however, such items were not considered in the calculation of the diluted weighted average common shares outstanding since they would be anti-dilutive.

Common stock reserved for future issuance, on an as-if converted basis, are shown below as of:

	September 30,	
	2022	**2021**
Issuance of options under incentive plans	10,045,708	12,861,949
Shares available for future stock-based award grants (see Note 9)	8,480,839	-
Common shares issuable upon conversion of preferred stock	-	21,982,491
Total	18,526,547	34,844,440

9. Stock-based Compensation Expense

Stock-Based Compensation

The Company uses stock-based compensation, including restricted stock units to provide long-term performance incentives for its employees and board directors. The Company measures employee and director stock-based compensation awards based on the award's estimated fair value on the date of grant. Forfeitures are recognized as they occur. Expense associated with these awards is recognized using the straight-line attribution method over the requisite service period for stock options, restricted stock units ("RSUs") and restricted stock, and is reported in our consolidated statements of stockholders' equity.

The fair value of the Company's stock options is estimated, using the Black-Scholes option-pricing model. The resulting fair value is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for the award. The Company has elected to recognize forfeitures as they occur. Stock options generally vest over four years and have a contractual term of ten years.

Determining the grant date fair value of options requires management to make assumptions and judgments. These estimates involve inherent uncertainties and if different assumptions had been used, stock-based compensation expense could have been materially different from the amounts recorded.

The assumptions and estimates for valuing stock options are as follows:

- *Fair value per share of Company's common stock.* Because there was no public market for Cyngn's common stock prior to the IPO, its Board of Directors, with the assistance of a third-party valuation specialist, determined the common stock fair value at the time of the grant of stock options by considering a number of objective and subjective factors, including its actual operating and financial performance, market conditions and performance of comparable publicly traded companies, developments and milestones in the company, and the likelihood of achieving a liquidity event among other factors. Since the Company's common stock began publicly trading on the NASDAQ, the value of its common stock underlying stock options or RSUs have been valued based on prevailing market prices.

- *Expected volatility.* Because the Company's common stock had no publicly traded history prior to the IPO, it estimated the expected volatility using its own stock price volatility to the extent applicable or a combination of its stock price volatility and the stock price volatility of peer companies, for a period equal to the expected term of the options.

- *Expected term.* The expected term of employee stock options represents the weighted-average period that the stock options are expected to remain outstanding. The Company estimates the expected term of options granted based upon the "simplified method" provided under *Staff Accounting Bulletin, Topic 14*, or SAB Topic 14.

- *Risk-free interest rate.* The risk-free interest rate is based on the U.S. Treasury yield curve in effect during the period the options were granted corresponding to the expected term of the awards.

- *Estimated dividend yield.* The estimated dividend yield is zero, as the Company does not currently intend to declare dividends in the foreseeable future.

Equity Incentive Plans

In February 2013, the Company's Board of Directors adopted the 2013 Equity Incentive Plan (the "2013 Plan"). The 2013 Plan authorizes the award of stock options, stock appreciation rights, restricted stock awards, stock appreciation rights, RSUs, performance awards, and other stock or cash awards.

In October 2021, the Company's Board of Directors adopted the Cyngn Inc. 2021 Equity Incentive Plan (the "2021 Plan"). The 2021 Plan replaces the 2013 Plan. However, awards outstanding under the 2013 Plan will continue to be governed by their existing terms.

As of September 30, 2022 and December 31, 2021, approximately $8.4 million and 10.5 million shares of common stock were reserved and available for issuance under the 2021 Plan and 2013 Plan, respectively.

Options issued under the Plan generally vest based on continuous service provided by the option holder over a four-year period. Compensation expense related to these options is recognized on a straight-line basis over the four-year period based upon the fair value at the grant date.

The following table summarizes information about the Company's stock options outstanding as well as stock options vested and exercisable as of September 30, 2022, and activity during the nine months then ended:

	Shares	Weighted-average exercise price	Weighted-average remaining contractual term (years)	Aggregate intrinsic value
Outstanding as of December 31, 2021	8,769,694	$ 1.20	7.15	$ 15,746,916
Granted	1,901,500	1.76	-	-
Exercised	(717,041)	0.16	-	1,012,175
Cancelled/forfeited	(136,709)	2.79	-	-
Outstanding as of September 30, 2022	9,817,444	$ 1.36	7.09	$ 4,217,271
Vested and expected to vest at September 30, 2022	9,817,444	$ 1.36	7.09	$ 4,217,271
Vested and exercisable at September 30, 2022	5,962,393	$ 0.64	5.73	$ 4,175,407

The following table summarizes information about the Company's RSUs as of September 30, 2022, and activity during the nine months then ended:

	Shares	Weighted-average grant date fair value
Unvested shares at December 31, 2021	-	$ -
RSUs granted	244,566	5.52
RSUs vested	(16,302)	5.52
RSUs forfeited	-	-
Unvested Shares at September 30, 2022	228,264	$ 5.52

The fair value of a stock option is estimated using an option-pricing model that takes into account as of the grant date the exercise price and expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate for the expected term of the option. The Company has used the simplified method in calculating the expected term of all option grants based on the vesting period and contractual term. Compensation costs related to share-based payment transactions are recognized in the financial statements upon satisfaction of the requisite service or vesting requirements.

The weighted average per share grant-date fair value of options granted during the nine months ended September 30, 2022 and 2021 was $0.74 and $0, respectively.

The following weighted average assumptions were used in estimating the grant date fair values during the:

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Fair value of common stock	$ 1.76	$ -
Expected term (in years)	6.05	-
Risk-free rate	2.6%	-%
Expected volatility	40.3%	-%
Dividend yield	-%	-%

We recorded stock-based compensation expense from stock options and RSUs of approximately $0.8 million and $0.1 million, during the three months ended September 30, 2022 and 2021, respectively, and $2.0 million and $0.2 million, during the nine months ended September 30, 2022 and 2021, respectively.

As of September 30, 2022, total unrecognized stock-based compensation cost related to outstanding unvested stock options and unvested RSUs that are expected to vest was $7.6 million. This unrecognized stock-based compensation cost is expected to be recognized over a weighted-average period of approximately 3.6 years.

10. Retirement Savings Plan

Effective November 17, 2017, the Company established the Cyngn Inc. 401(k) Plan for the exclusive benefit of all eligible employees and their beneficiaries with the intention to provide a measure of retirement security for the future. This plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and qualifies under Section 401(k) of the Internal Revenue Code. Cyngn Inc. did not offer and has not provided a company match for its 401(k) Plan.

11. Income Taxes

For the three and nine months ended September 30, 2022 and 2021, the Company recorded income tax expense of $0. The effective tax rate is 0% for the three and nine months ended September 30, 2022 and 2021.

For financial reporting purposes, the Company's effective tax rate used for the interim periods is based on the estimated full-year income tax rate. For the three and nine months ended September 30, 2022, the Company's effective tax rate differs from the statutory rate, primarily due to a valuation allowance recorded against the net deferred tax asset balance.

Currently, the Company is not under examination by any taxing authority.

On March 27, 2020, the CARES Act was enacted in response to market conditions related to the COVID-19 pandemic. The CARES Act includes many measures to help companies, including changes that are temporary and non-income based tax laws, some of which were part of the Tax Cuts and Jobs Act. One provision of the CARES Act increases the tax deduction for net operating losses from 80% to 100% for 2018 through 2020 and allows net operating losses generated in 2018 through 2020 to be carried back up to five years. The Company has made reasonable assessments in accounting for certain effects of the CARES Act that was passed. However, the provisional impacts may be refined over the prescribed measurement period.

12. Commitments and Contingencies

Legal Proceedings

The Company is subject to legal and regulatory actions that arise from time to time. The assessment as to whether a loss is probable or reasonably possible, and as to whether such loss or a range of such loss is estimable, often involves significant judgment about future events, and the outcome of litigation is inherently uncertain. There is no material pending or threatened litigation against the Company that remains outstanding as of September 30, 2022 and 2021.

13. Risks and Uncertainties

The Company's business operations, operating results, and financial condition are vulnerable to certain risks and uncertainties including:

- Inflation and its related impact on costs and expenditures on domestic and foreign-sourced materials and services;
- Rising interest rates and its impact on the equity markets, investment valuations, and interest rate-sensitive calculations such as discount rate assumptions used in cash flow projections and going-concern assessments;
- Effects of the Russia-Ukraine conflict such as possible cyberattacks and potential disruptions in the banking systems and capital market and the supply chain;
- Other factors beyond its control such as natural disasters, terrorism, civil unrest, infectious diseases and pandemics including COVID-19 and its variants

The Company is unable to predict and quantify at this time the extent of the related potential adverse effects but continuously monitors these risks and uncertainties on its future operations and financial performance.

14. Subsequent Events

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no other events requiring recognition or disclosure in the financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The objective of this Management's Discussion and Analysis is to allow investors to view the Company from management's perspective, considering items that would have a material impact on future operations. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the accompanying notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "Form 10-K"), which we filed with the U.S. Securities and Exchange Commission ("SEC") on March 24, 2022. The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are subject to the "safe harbor" created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in our other filings with the SEC, including the Form 10-K. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements.

Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "we," "us," and "our" refer to Cyngn Inc. and its consolidated subsidiaries.

Overview

We are an autonomous vehicle ("AV") technology company that is focused on addressing industrial uses for autonomous vehicles. We believe that technological innovation is needed to enable adoption of autonomous industrial vehicles that will address the substantial industry challenges that exist today. These challenges include labor shortages, lagging technological advancements from incumbent vehicle manufacturers, and high upfront investment commitment.

Industrial sites are typically rigid environments with consistent standards as opposed to city streets that have more variable environmental and situational conditions and diverse regulations. These differences in operational design domains ("ODD") will be major factors that make proliferation of industrial AVs in private settings achievable with less time and resources than AVs on public roadways. Namely, safety and infrastructure challenges are cited as roadblocks that have delayed AVs from operating on public roadways at scale. Our focus on industrial AVs simplifies these challenges because industrial facilities (especially those belonging to a single end customer that operates similarly at different sites) share much more in common than different cities do. Furthermore, our end customers own their infrastructure and can make changes more easily than governments can on public roadways.

With these challenges in mind, we are developing an Enterprise Autonomy Suite ("EAS") that leverages advanced in-vehicle autonomous driving technology and incorporates leading supporting technologies like data analytics, asset tracking, fleet management, cloud, and connectivity. EAS provides a differentiated solution that we believe will drive pervasive proliferation of industrial autonomy and create value for customers at every stage of their journey towards full automation and the adoption of Industry 4.0.

EAS is a suite of technologies and tools that we divide into three complementary categories:

1. *DriveMod*, our modular industrial vehicle autonomous driving software;

2. *Cyngn Insight*, our customer-facing tool suite for monitoring and managing AV fleets (including remotely operating vehicles) and generating/aggregating/analyzing data (including the Infinitracker asset tracker and IoT gateway device); and

3. *Cyngn Evolve*, our internal tool suite and infrastructure that facilitates artificial intelligence ("AI") and machine learning ("ML") training to continuously enhance our algorithms and models and provides a simulation framework (both record/rerun and synthetic scenario creation) to ensure that data collected in the field can be applied to validating new releases.

Legacy automation providers manufacture specialized industrial vehicles with integrated robotics software for rigid tasks, limiting automation to narrow uses. Unlike these specialized vehicles, EAS can be compatible with the existing vehicle assets in addition to new vehicles that have been purpose built for autonomy by vehicle manufacturers. EAS is operationally expansive, vehicle agnostic, and compatible with indoor and outdoor environments. By offering flexible autonomous services, we aim to remove barriers to industry adoption.

We understand that scaling of autonomy solutions will require an ecosystem made up of different technologies and services that are enablers for AVs. Our approach is to forge strategic collaborations with complementary technology providers that accelerate AV development and deployment, provide access to new markets, and create new capabilities. Our focus on designing DriveMod to be modular will combine with our experience deploying AV technology on diverse industrial vehicle form factors, which will be difficult for competitors to replicate.

We expect our technology to generate revenue through two main methods: deployment and EAS subscriptions. Deploying our EAS requires us and our integration partners to work with a new client to map the job site, gather data, and install our AV technology within their fleet and site. We anticipate that new deployments will yield project-based revenues based on the scope of the deployment. After deployment, we expect to generate revenues by offering EAS through a Software as a Service ("SaaS") model, which can be considered the AV software component of Robotics as a Service ("RaaS").

RaaS is a subscription model that allows customers to use robots/vehicles without purchasing the hardware assets upfront. We will seek to achieve sustained revenue growth largely from ongoing SaaS-style EAS subscriptions that enable companies to tap into our ever-expanding suite of AV and AI capabilities as organizations transition into full industrial autonomy.

Although both the components and the combined solutions of EAS are still under development, components of EAS have already been used for a paid customer trial and pilot deployments. We have not yet derived any recurring revenues from EAS but began marketing EAS to customers in 2022. We expect EAS to continually be developed and enhanced according to evolving customer needs, which will take place concurrently while other completed features of EAS are commercialized. We expect annual R&D expenditures in the foreseeable future to equal or exceed that of 2020 and 2021. We also expect that limited paid pilot deployments in 2022 and 2023 will offset some of the ongoing R&D costs of continually developing EAS. We target scaled deployments to begin in 2024.

Our go-to-market strategy is to acquire new customers that use industrial vehicles in their mission-critical and daily operations by (a) leveraging the relationships and existing customers of our network of strategic partners, (b) bringing AV capabilities to industrial vehicles as a software service provider, and (c) executing a robust in-house sales and marketing effort to nurture a pipeline of industrial organizations. Our focus is on acquiring new customers who are either looking (a) to embed our technology into their vehicle product roadmaps or (b) to apply autonomy to existing fleets with our vehicle retrofits. In turn, our customers are any organizations that could utilize our EAS solution, including original equipment manufacturers ("OEMs") that supply industrial vehicles, end customers that operate their own industrial vehicles, or service providers that operate industrial vehicles for end customers.

As OEMs and leading industrial vehicle users seek to increase productivity, reinforce safer working environments, and scale their operations, we believe we are uniquely positioned to deliver a dynamic autonomy solution via our EAS to a wide variety of industrial uses. Our long-term vision is for EAS to become a universal autonomous driving solution with minimal marginal cost for companies to adopt new vehicles and expand their autonomous fleets across new deployments. We have already deployed DriveMod software on nine different vehicle form factors that range from stockchasers and stand-on floor scrubbers to 14-seat shuttles and 5-meter-long cargo vehicles demonstrating the extensibility of our AV building blocks. These deployments were prototypes or part of proof-of-concept projects. Of these deployments, two were at customer sites. For one deployment we were paid $166,000 and the other was part of our normal R&D activities.

Our strategy upon establishing a customer relationship with an OEM, is to seek to embed our technology into their vehicle roadmap and expand our services to their many clients. Once we solidify an initial AV deployment with a customer, we intend to seek to expand within the site to additional vehicle platforms and/or expand the use of similar vehicles to other sites operated by the customer. This “land and expand” strategy can repeat iteratively across new vehicles and sites and is at the heart of why we believe industrial AVs that operate in geo-fenced, constrained environments are poised to create value.

Meanwhile, over $16 billion has been invested into passenger AV development over the last several years with negligible revenues generated and constant delays. The $200 billion annual industrial equipment market (projected by 2027) is substantial, but it does not justify billions of dollars of annual research & development spend. These leading passenger AV companies will need to take the approach of first capturing the trillion-dollar markets of passenger AV to achieve their desired returns.

Recent Developments

Election of New Director

Effective August 9, 2022, at the 2022 annual meeting of stockholders, Mr. Donald Alvarez, Chief Financial Officer of the Company, was elected to serve as a Class I director of the Company to serve until the Company’s 2025 annual meeting of stockholders, and until his successor is elected and qualified or until his earlier death, resignation or removal.

Critical Accounting Policies and Estimates and Judgements

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We continually evaluate our estimates and judgments. We base our estimates and judgments on historical experience and other factors that we believe to be reasonable under the circumstances. Materially different results can occur as circumstances change and additional information becomes known. Besides the estimates identified below that are considered critical, we make many other accounting estimates in preparing our financial statements and related disclosures. All estimates, whether or not deemed critical, affect reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingent liabilities. These estimates and judgments are also based on historical experience and other factors that are believed to be reasonable under the circumstances. Materially different results can occur as circumstances change and additional information becomes known, even for estimates and judgments that are not deemed critical.

We believe the assumptions and estimates associated with the following have the greatest potential impact on our consolidated financial statements.

Warrants

The Company issued to its lead underwriter in the Company’s initial public offering consummated in October 2021, (the “IPO”), warrants to purchase up to 140,000 shares of its common stock. Additionally, in connection with the Private Placement offering completed on April 29, 2022, 6,451,613 shares are issuable upon exercise of common warrants, or the “Common Warrants”, each exercisable into one share of common stock at an exercise price per share of $2.98, expiring on April 29, 2027. The Company accounts for warrants in accordance with ASC 480, *Distinguishing Liabilities from Equity*, depending on the specific terms of the warrant agreement. The Company determined the fair value of the warrants using the Black-Scholes pricing model and treated the valuation as equity instruments in consideration of the cashless settlement provisions in the warrant agreement.

The Company also applied the guidance in ASC 340-10-S99-1, *Other Assets and Deferred Costs*, that states specific incremental costs directly attributable to a proposed or actual offering of equity securities may properly be deferred and charged against the gross proceeds of the offering. The Company treated the valuation of the warrants as directly attributable to the issuance of an equity contract and accordingly, classified the warrants as additional paid-in capital.

Stock-based Compensation

The Company recognizes the cost of share-based awards granted to employees and directors based on the estimated grant-date fair value of the awards. Cost is recognized on a straight-line basis over the service period, which is generally the vesting period of the award. The Company recognizes stock-based compensation cost and reverses previously recognized costs for unvested awards in the period forfeitures occur. The Company determines the fair value of stock options using the Black-Scholes option pricing model, which is impacted by the fair value of common stock, expected price volatility of common stock, expected term, risk-free interest rates, and expected dividend yield.

Research and Development Expense

Research and development expense consist primarily of outsourced engineering services, internal engineering and development expenses, materials, labor and stock-based compensation related to development of the Company's products and services. Research and development costs are expensed as incurred.

General, and Administrative Expense

General, and administrative expense consist primarily of personnel costs, facilities expenses, depreciation and amortization, travel, and advertising costs.

Results of Operations

Revenue

The Company has not generated any revenue for the three and nine months ended September 30, 2022 and 2021.

Research and Development

Research and development expense for the three months ended September 30, 2022 increased by $1.6 million or 137% to $2.7 million from $1.2 million for the three months ended September 30, 2021. The increase is attributable to the increase in personnel engaged in the research and development of our AV technology in 2022 compared to headcount levels in 2021, external R&D contractors, allocated occupancy costs, and R&D chargeable travel-related costs. The Company plans to continue to restore the appropriate level of engineering and other personnel to support its research and development efforts and expects research and development costs to increase over time.

Research and development expense for the nine months ended September 30, 2022 increased by $3.7 million or 128% to $6.7 million from $2.9 million for the nine months ended September 30, 2021. The increase is attributable to the increase in personnel engaged in the research and development of our AV technology in 2022 compared to headcount levels in 2021, external R&D contractors, allocated occupancy costs, and R&D chargeable travel-related costs. The Company plans to continue to restore the appropriate level of engineering and other personnel to support its research and development efforts and expects research and development costs to increase over time.

General and Administrative

General and administrative expenses increased by approximately $1.6 million or 162% to $2.5 million for the three months ended September 30, 2022 from $1.0 million for the three months ended September 30, 2021. The increase was attributed to the following factors: i) an increase in personnel related costs, including provisions for stock-based compensation expense; ii) the increase in occupancy costs following the renewal of the lease that expanded the square footage of the leased area; iii) directors and officers insurance coverage taken by the Company and; iv) professional fees related to required compliance and regulatory filings following the Company's Initial Public Offering in October 2021.

General and administrative expenses increased by approximately $4.2 million or 147% to $7.0 million for the nine months ended September 30, 2022 from $2.9 million for the nine months ended September 30, 2021. The increase was attributed to the following factors: i) an increase in personnel related costs, including provisions for stock-based compensation expense, as the Company increased staff to support being a public company; ii) the increase in occupancy costs following the renewal of the lease that expanded the square footage of the leased area; iii) directors and officers insurance coverage taken by the Company and; iv) professional fees related to required compliance and regulatory filings following the Company becoming a public company in October 2021.

Other Income, net

Other income, net consists primarily of: a) interest expense representing the present value interest on the adoption of lease accounting guidelines under ASC 842 on right-of-use assets and operating liabilities, and interest expense recognized on its PPP Notes, net of interest income earned on the Company's cash and short-term investments.

For the three months ended September 30, 2022, other income, net decreased by approximately $6.9 thousand compared to the three months ended September 30, 2021. The decrease is attributed to the decrease in gains on asset disposals offset by the increase in interest income recognized on the matured investments for the three months ended September 30, 2022.

For the nine months ended September 30, 2022, other income, net decreased by approximately $6.2 thousand compared to the nine months ended September 30, 2021. The decrease is attributed to the decrease in gains on asset disposals offset by the increase in interest income recognized on the matured investment placement for the nine months ended September 30, 2022.

Liquidity and Capital Resources

The Company's principal source of liquidity is its cash and current maturities of short-term investments. Short-term investments consist of placements in U.S. government securities with maturities between three to nine months. As of September 30, 2022, the Company had unrestricted cash of approximately $5.6 million and short-term investments of $22.0 million. As of December 31, 2021, the Company had unrestricted cash of $21.9 million. On October 22, 2021, the Company closed its IPO which resulted in net proceeds of approximately $23.3 million after deducting underwriting discounts, commissions and offering expenses. Additionally, on April 29, 2022, the Company received net proceeds of approximately $18.1 million from the sale of common stock and exercise of pre-funded warrants in a private placement offering.

The Company's liquidity is based on its ability to enhance its operating cash flow position, obtain capital financing from equity interest investors and borrow funds to fund its general operations, research and development activities and capital expenditures. The Company's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenue while controlling operating costs and expenses to generate positive operating cash flows and obtaining funds from outside sources of financing to generate positive financing cash flows.

Based on cash flow projections from operating and financing activities and existing balance of cash and short-term investments, management is of the opinion that the Company has sufficient funds for sustainable operations and it will be able to meet its payment obligations from operations and debt related commitments for at least one year from the issuance date of this report. Based on the above considerations, the Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations.

Cash Flows

Operating activities

Net cash used in operating activities for the nine months ended September 30, 2022 was $11.6 million, an increase of $5.9 million compared to $5.7 million for the nine months ended September 30, 2021. The increase is primarily attributed to the level of increases in personnel costs and professional services related to the Company's research and development activities, as well as increases in general and administrative personnel-related costs and professional services as the Company increased staff to support being a public company, both of which led to the increase in the Company's net loss for the period.

Investing activities

Net cash used in investing activities for the nine months ended September 30, 2022 was approximately $23.0 million, an increase of approximately $23.0 million compared to net cash provided by investing activities of approximately $29 thousand for the nine months ended September 30, 2021. The increase consists of purchases of short-term investments of $27.0 million and approximately $1.0 million in purchases of R&D-related hardware equipment and acquisition of intangible asset, which were partially offset by investment maturities of $5.0 million.

Financing activities

Cash provided by financing activities of approximately $18.2 million represent proceeds from the private placement offering and option exercises during the nine months ended September 30, 2022, an increase of $17.3 million compared to $0.9 million for the nine months ended September 30, 2021. The increase offsets the absence of a comparable PPP Note during the nine months ended September 30, 2022 compared to the PPP Note proceeds received in February, 2021 that was subsequently forgiven by the SBA in November 2021. The Company expects to experience increases in proceeds from option exercises to supplement the public listing of its common stock shares in future periods.

Emerging Growth Company Status

We are an "emerging-growth company", as defined in the JOBS Act, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including, but not limited to, not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As an emerging growth company we can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We intend to avail ourselves of these options. Once adopted, we must continue to report on that basis until we no longer qualify as an emerging growth company.

We will cease to be an emerging growth company upon the earliest of: (i) the end of the fiscal year following the fifth anniversary of the initial public offering; (ii) the first fiscal year after our annual gross revenue are $1.07 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or (iv) the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeded $700 million as of the end of the second quarter of that fiscal year. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If, as a result of our decision to reduce future disclosure, investors find our common shares less attractive, there may be a less active trading market for our common shares and the price of our common shares may be more volatile.

We are also a "smaller reporting company", meaning that the market value of our stock held by non-affiliates plus the aggregate amount of gross proceeds to us as a result of the IPO is less than $700 million and our annual revenue was less than $100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than $250 million or (ii) our annual revenue was less than $100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Principal Executive Officer (our Chief Executive Officer) and Principal Financial Officer (our Chief Financial Officer), has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2022. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits 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 a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2022, and the material weakness identified in the second quarter of 2022 (further described below), our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures are not effective.

Changes in Internal Control over Financial Reporting

As reported in our Quarterly Report on Form 10-Q as of June 30, 2022, the following was identified as a material weakness during the second quarter of 2022: ineffective oversight of third parties engaged to assist in the Company’s financial reporting and disclosure process. During the third quarter of 2022, management has revised the processes surrounding this material weakness and changes have been implemented but have not yet been fully tested. The Company believes the actions taken to remediate the material weakness are appropriate and the Company expects the material weakness to be fully remediated and tested during the fourth quarter of 2022. Notwithstanding this material weakness, management believes that the consolidated financial statements included in this report fairly present, in all material respects, the Company’s financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

The SEC defines ‘material weakness’ as 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 the registrant’s annual or interim financial statements will not be prevented or detected on a timely basis by the company’s internal controls. While we are in the process of adopting remediation procedures related to this identified material weakness, there can be no assurance that such remedies will be effective. In addition, if this is not remediated, we will be unable to certify that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Except as described as above, there has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is 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 material legal proceedings. From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in this Quarterly Report are any of the risks described in “Part I, Item 1A. Risk Factors” in the Form 10-K. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed in the Form 10-K. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as amended.
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as amended.
32.1**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rules 13a-14(b) or 15d-14(b) of the Securities Exchange Act, as amended, and 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on this 10th day of November, 2022.

CYNGN INC.

/s/ Lior Tal

Lior Tal
Chief Executive Officer,
Chairman of the Board of Directors and Director
(Principal Executive Officer)

/s/ *Donald Alvarez*

Donald Alvarez
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULES 13A-14 AND 15D-14
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Lior Tal, certify that:

1) I have reviewed this quarterly report of Cyngn Inc.;

2) Based on my knowledge, this quarterly 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 quarterly report;

3) Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly report;

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

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d. Disclosed in this quarterly report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 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.

Date: November 10, 2022

/s/ Lior Tal
Lior Tal
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATIONS OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULES 13A-14 AND 15D-14
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Donald Alvarez, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Cyngn Inc.;

2) Based on my knowledge, this quarterly 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 quarterly report;

3) Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly report;

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

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d. Disclosed in this quarterly report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 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.

Date: November 10, 2022

/s/ *Donald Alvarez*
Donald Alvarez
Chief Financial Officer
(Principal Financial 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 Cyngn Inc. (“Company”) on Form 10-Q for the quarter ending September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (“Report”), the undersigned, in the capacities and on the date indicated below, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the knowledge of each of the undersigned:

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.

Date: November 10, 2022

/s/ Lior Tal
Lior Tal
Chief Executive Officer
(Principal Executive Officer)

/s/ Donald Alvarez
Donald Alvarez
Chief Financial Officer
(Principal Financial Officer)