

# Know Labs, Inc. Reports Fourth Quarter and Fiscal Year 2024 Results

SEATTLE--(BUSINESS WIRE)-- [Know Labs, Inc.](#) (NYSE American: KNW), an emerging developer of non-invasive medical diagnostic technology, today reported financial results for the fourth quarter and fiscal year ended September 30, 2024.

## Financial Highlights:

- Know Labs reported a net loss of \$16.58 million dollars in FY2024, compared to a net loss of \$15.29 million dollars in FY2023, an increase in net loss of 8.4%. This translates to Earnings Per Share of a loss of \$0.20, better than FY2023 Earnings Per Share Loss of \$0.41, an improvement of 51%, before preferred stock dividends.
- In FY2024, recorded a non-cash charge to earnings of \$4.93 million, compared to \$4.77 million FY2023. The non-cash items include (i) depreciation and amortization of \$81,000; (ii) stock based compensation-stock options of \$2,958,000; (iii) issuance of common stock for services of \$277,000; (iv) amortization of operating lease right-of-use asset of \$189,000; amortization of debt issuance costs of \$831,000; and (v) interest expense for extension of notes and warrants of \$594,000.
- Research and development expense for FY2024 was \$6.11 million dollars as compared to \$7.73 million dollars in FY2023, a decrease of 21.0% year over year. The decrease in R&D expense was related to decreases in engineering, third-party technical services, and expenditures related to the development of our Generation 2 device, which we completed and announced on February 27, 2024, as we continue to execute our path to FDA clinical trials and commercialization.
- Selling, general and administrative expenses for the year ended September 30, 2024 increased \$2,538,000 to \$9,109,000 as compared to \$6,571,000 for the year ended September 30, 2023. The increase primarily was due to (i) an increase of \$1,257,000 in salaries; (ii) an increase in legal expenses of \$669,000; (iii) issuance of common stock for services of \$277,000; and (iv) an increase in other expenses of \$335,000. As part of the selling, general and administrative expenses for the years ended September 30, 2024 and 2023, we recorded \$606,000 and \$305,000, respectively, of investor relationship and business development expenses.
- As of September 30, 2024, we have cash and cash equivalents of \$3.11 million, as compared to \$8.02 million dollars at the end of September 30, 2023. Net cash used in operations for FY2024 was \$12.83 million dollars compared with \$10.35 million in the prior year.
- During the year ended September 30, 2024, the Company made adjustments to its fixed expenses and the impact of those adjustments has significantly reduced our monthly burn rate. Given the significant reduction in fixed expenses, the Company believes that it has enough available cash and flexibility with its operating expenses to operate through February 28, 2025. As we have stated in our FY2024 10-K, we expect to raise additional funds through the issuance of equity, preferred stock and convertible debentures.
- Shareholder equity for the fiscal year 2024 was -\$2.16 million versus \$3.74 million in

fiscal year 2023.

**Income Statement:**

	Years Ended,	
	September 30, 2024	September 30, 2023
OPERATING EXPENSES-		
RESEARCH AND DEVELOPMENT EXPENSES	\$ 6,114,121	\$ 7,727,467
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	9,109,362	6,570,597
SELLING AND TRANSACTIONAL COSTS FOR DIGITAL ASSETS	-	(274,019)
Total operating expenses	15,223,483	14,024,045
OPERATING LOSS	(15,223,483)	(14,024,045)
OTHER INCOME (EXPENSE), NET		
Interest income	155,248	127,145
Interest expense	(1,513,323)	(389,626)
Loss on debt extinguishment	-	(506,865)
Other (expense)	-	(495,776)
Total other (expense), net	(1,358,075)	(1,265,122)
LOSS BEFORE INCOME TAXES	(16,581,558)	(15,289,167)
Income tax expense	-	-
NET LOSS	(16,581,558)	(15,289,167)
Deemed dividends on Series C and D Preferred Stock	(313,536)	(3,526,653)
Common stock dividends on Series D Preferred Stock	-	(1,627,230)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (16,895,094)	\$ (20,443,050)
Basic and diluted loss per share	\$ (0.20)	\$ (0.41)
Weighted average shares of common stock outstanding- basic and diluted	86,067,999	49,581,467

**Balance Sheet:**

	September 30, 2024	September 30, 2023
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,110,755	\$ 8,023,716
Total current assets	<u>3,110,755</u>	<u>8,023,716</u>
PROPERTY AND EQUIPMENT, NET	66,796	81,325
OTHER ASSETS		
Other assets	149,174	15,766
Operating lease right-of-use asset	<u>337,703</u>	<u>145,090</u>
TOTAL ASSETS	<u>\$ 3,664,428</u>	<u>\$ 8,265,897</u>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY</b>		
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 552,680	\$ 1,292,861
Accrued expenses	101,582	94,062
Accrued expenses - related parties	84,573	218,334
Current portion of convertible notes payable, net	2,855,058	1,301,005
Current portion of convertible notes payable - related parties	1,460,926	1,460,926
Current portion of operating lease right-of-use liability	108,560	154,797
Total current liabilities	<u>5,163,379</u>	<u>4,521,985</u>
NON-CURRENT LIABILITIES:		
Operating lease liability, net of current portion	249,728	-
Non-current portion of convertible notes payable, net	407,522	-
Total liabilities	<u>5,820,629</u>	<u>4,521,985</u>
COMMITMENTS AND CONTINGENCIES (Note 11)		
STOCKHOLDERS' (DEFICIT) EQUITY		
Preferred stock - \$0.001 par value, 5,000,000 shares authorized, Series C and D shares issued and outstanding as follows:		
Series C Convertible Preferred stock \$0.001 par value, 30,000 shares authorized, 17,858 shares issued and outstanding at 9/30/2024 and 9/30/2023, respectively	1,790	1,790
Series D Convertible Preferred stock \$0.001 par value, 20,000 shares authorized, 10,161 shares issued and outstanding at 9/30/2024 and 9/30/2023, respectively	1,015	1,015
Common stock - \$0.001 par value, 200,000,000 shares authorized, 108,097,936 and 80,358,463 shares issued and outstanding at 9/30/2024 and 9/30/2023, respectively	108,021	80,358
Additional paid in capital	136,468,855	125,501,537
Accumulated deficit	(138,735,882)	(121,840,788)
Total stockholders' (deficit) equity	<u>(2,156,201)</u>	<u>3,743,912</u>
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	<u>\$ 3,664,428</u>	<u>\$ 8,265,897</u>

**Cash Flow:**

	Years Ended,	
	September 30, 2024	September 30, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (16,581,558)	\$ (15,289,167)
Adjustments to reconcile net loss to net cash (used in) operating activities		
Depreciation and amortization	80,881	313,019
Stock based compensation - stock option grants	2,957,559	2,955,933
Issuance of common stock for services	277,011	-
Gain on debt settlement	-	(50,000)
Loss on disposal of assets	-	549,431
Loss on debt extinguishment	-	506,865
Amortization of operating lease right-of-use asset	189,286	142,840
Amortization of debt issuance costs	830,948	-
Interest expense for extension of notes and warrants	594,761	349,721
Changes in operating assets and liabilities:		
Other long-term assets	(133,408)	(1,999)
Operating lease right-of-use liability	(178,408)	(147,719)
Accounts payable - trade and accrued expenses	(866,422)	317,085
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<b>(12,829,350)</b>	<b>(10,353,991)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of research and development equipment	(66,352)	(80,797)
<b>NET CASH (USED IN) INVESTING ACTIVITIES:</b>	<b>(66,352)</b>	<b>(80,797)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from debt offering	3,764,129	-
Repayment of note payable	(720,000)	-
Proceeds from issuance of common stock offering, net	5,193,262	5,472,791
Payments of debt offering	(262,450)	-
Proceeds from issuance of common stock for warrant exercise	7,800	387,334
Proceeds from issuance of common stock for stock options exercise	-	4,687
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>7,982,741</b>	<b>5,864,812</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,912,961)</b>	<b>(4,569,976)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>8,023,716</b>	<b>12,593,692</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$ 3,110,755</b>	<b>\$ 8,023,716</b>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid	\$ 241,000	\$ 140,000
Taxes paid	\$ -	\$ -
<b>Supplemental disclosure of non-cash financing activity:</b>		
Deemed dividends on Series C and D Preferred Stock	\$ 313,536	\$ 3,526,653
Common stock dividends on Series D Preferred Stock	\$ -	\$ 1,627,230
Warrants issued for debt offering	\$ 2,110,731	\$ -
Common stock issued for debt payment	\$ 240,000	\$ -
Issuance costs from common stock offering	\$ 670,149	\$ 1,527,209

A copy of the form 10-K filed with the SEC can also be downloaded from the Company's website. All holders, including stockholders and bondholders, can request and receive a hard copy of the complete audited financial statements free of charge. Requests must be submitted to [ask@knowlabs.co](mailto:ask@knowlabs.co).

## **About Know Labs, Inc.**

[Know Labs, Inc.](#) is a public company whose shares trade on the NYSE American Exchange under the stock symbol "KNW." The Company's platform technology uses spectroscopy to direct electromagnetic energy through a substance or material to capture a unique molecular signature. The technology is designed to be able to integrate into a variety of wearable, mobile or bench-top form factors. The Company believes that this patented and patent-pending technology makes it possible to effectively identify and monitor analytes that could only previously be performed by invasive and/or expensive and time-consuming lab-based tests. The Company's first expected application of the technology will be in a product marketed as a non-invasive glucose monitor. The device is designed to provide the user with accessible and affordable real-time information on blood glucose levels. This product will require U.S. Food and Drug Administration clearance prior to its introduction to the market.

## **Safe Harbor Statement**

This release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements appear in a number of places in this release and include all statements that are not statements of historical fact regarding the intent, belief or current expectations of Know Labs, Inc., its directors or its officers with respect to, among other things: (i) financing plans; (ii) trends affecting its financial condition or results of operations; (iii) growth strategy and operating strategy; and (iv) performance of products. You can identify these statements by the use of the words "may," "will," "could," "should," "would," "plans," "expects," "anticipates," "continue," "estimate," "project," "intend," "likely," "forecast," "probable," "potential," and similar expressions and variations thereof are intended to identify forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond Know Labs, Inc.'s ability to control, and actual results may differ materially from those projected in the forward-looking statements as a result of various factors. These risks and uncertainties also include such additional risk factors as are discussed in the Company's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended September 30, 2024, Forms 10-Q and 8-K, and in other filings we make with the Securities and Exchange Commission from time to time. These documents are available on the SEC Filings section of the Investor Relations section of our website at [www.knowlabs.co](http://www.knowlabs.co). The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

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