

December 20, 2022

KNOW LABS

Know Labs, Inc. Reports Fourth Quarter and Fiscal Year 2022 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 quarter and fiscal year ended September 30, 2022.

Financial Highlights:

- Consolidated revenues were \$4.360 million for the fiscal year ended September 30, 2022.
- Research and development expense was \$5.386 million for the fiscal year ended September 30, 2022 as compared to \$3.970 million in 2021. The increase in R&D was related to staff increases in engineering, third party technical services, and expenditures related to the development of the Company's Bio-RFID technology, as the Company continues to execute its path to FDA clinical trials and commercialization.
- Non-GAAP net loss as adjusted for the fiscal year was \$7.929 million, a slight increase of \$270,000 compared to the prior year. 2022 GAAP EPS was a loss of \$0.50 per share as compared to a loss of \$0.86 per share during 2021.
- Current assets for the fiscal year stood at \$12.594 million versus current liabilities of \$3.810 million, for a current ratio of 3.61 in 2022 versus a current ratio of 1.17 in 2021.
- As of September 30, 2022, cash and cash equivalents equaled \$12.594 million, as compared with \$12.258 million in 2021. Net cash used in operations for the 2022 fiscal year was \$6.920 million, as compared to \$6.851 million in 2021. We believe our cash on hand will be sufficient to fund our operations through December 31, 2023.
- Shareholder equity was \$9.862 million as of September 30, 2022, compared to \$1.242 million in 2021.

Income Statement:

KNOW LABS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended,	
	September 30, 2022	September 30, 2021
REVENUE- DIGITAL ASSET SALES	\$ 4,360,087	\$ -
OPERATING EXPENSES-		
RESEARCH AND DEVELOPMENT EXPENSES	5,385,586	3,969,972
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	8,118,137	6,476,176
SELLING AND TRANSACTIONAL COSTS FOR DIGITAL ASSETS	3,430,438	-
Total operating expenses	16,934,161	10,446,148
OPERATING LOSS	(12,574,074)	(10,446,148)
OTHER INCOME (EXPENSE):		
Interest expense	(8,018,798)	(14,914,065)
Other income	521,628	-
Total other (expense), net	(7,497,170)	(14,914,065)
LOSS BEFORE INCOME TAXES	(20,071,244)	(25,360,213)
Income tax expense	-	-
NET LOSS	\$ (20,071,244)	\$ (25,360,213)
Basic and diluted loss per share	\$ (0.50)	\$ (0.86)
Weighted average shares of common stock outstanding- basic and diluted	40,370,473	29,370,596

Balance Sheet:

KNOW LABS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2022	September 30, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,593,692	\$ 12,258,218
Total current assets	12,593,692	12,258,218
PROPERTY AND EQUIPMENT, NET	862,977	328,504
OTHER ASSETS		
Other assets	13,767	13,767
Operating lease right of use asset	287,930	289,002
TOTAL ASSETS	\$ 13,758,366	\$ 12,889,491
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 526,968	\$ 419,093
Accrued expenses	462,940	893,137
Accrued expenses - related parties	348,264	421,599
Convertible notes payable, net	2,255,066	9,191,155
Current portion of operating lease right of use liability	215,397	112,371
Total current liabilities	3,808,635	11,037,355
NON-CURRENT LIABILITIES:		
Notes payable- PPP loans	-	431,803
Operating lease right of use liability, net of current portion	87,118	178,170
Total non-current liabilities	87,118	609,973
COMMITMENTS AND CONTINGENCIES (Note 12)	-	-
STOCKHOLDERS' 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, 1,785,715 shares authorized, 1,785,715 shares issued and outstanding at 9/30/2022 and 9/30/2021, respectively	1,790	1,790
Series D Convertible Preferred stock \$0.001 par value, 1,016,014 shares authorized, 1,016,004 shares issued and outstanding at 9/30/2022 and 9/30/2021, respectively	1,015	1,015
Common stock - \$0.001 par value, 200,000,000 shares authorized, 48,156,062 and 35,166,551 shares issued and outstanding at 9/30/2022 and 9/30/2021, respectively	48,158	35,168
Additional paid in capital	111,209,388	82,530,684
Accumulated deficit	(101,397,738)	(81,326,494)
Total stockholders' equity	9,862,613	1,242,163
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 13,758,366	\$ 12,889,491

Cash Flow:

KNOWLABS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended,	
	September 30, 2022	September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (20,071,244)	\$ (25,360,213)
Adjustments to reconcile net loss to net cash (used in) operating activities		
Depreciation and amortization	320,995	200,807
Issuance of common stock for services	183,000	202,820
Issuance of common stock warrants for services	451,487	2,547,436
Gain on debt settlement	(268,872)	-
Stock based compensation- stock option grants	4,421,634	1,028,522
Right of use, net	13,046	(1,493)
Gain on forgiveness of notes payable - PPP loans	(252,700)	-
Amortization of debt discount to interest expense	7,272,911	13,722,672
Changes in operating assets and liabilities:		
Other long-term assets	-	11,413
Accounts payable - trade and accrued expenses	1,009,935	797,337
NET CASH (USED IN) OPERATING ACTIVITIES	(6,919,808)	(6,850,699)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of research and development equipment	(855,468)	(299,525)
NET CASH (USED IN) INVESTING ACTIVITIES:	(855,468)	(299,525)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock for NYSE uplisting	8,280,000	-
Payments for stock issuance costs for NYSE uplisting	(855,321)	-
Proceeds from convertible notes payable	-	14,209,000
Payments for issuance costs from notes payable	-	(727,117)
Proceeds from Simple Agreements for Future Equity	-	340,000
Repayments on Simple Agreements for Future Equity	-	(253,800)
Proceeds from note payable - PPP	-	205,633
Repayments of notes payable- PPP	(179,103)	-
Proceeds from issuance of common stock for stock options exercise	26,687	23,344
Proceeds from issuance of common stock for warrant exercise	838,487	1,313,203
NET CASH PROVIDED BY FINANCING ACTIVITIES	8,110,750	15,110,263
NET INCREASE IN CASH AND CASH EQUIVALENTS	335,474	7,960,039
CASH AND CASH EQUIVALENTS, beginning of period	12,258,218	4,298,179
CASH AND CASH EQUIVALENTS, end of period	\$ 12,593,692	\$ 12,258,218
Supplemental disclosures of cash flow information:		
Interest paid	\$ -	\$ 18,800
Taxes paid	\$ -	\$ -
Non-cash investing and financing activities:		
Beneficial conversion feature	\$ -	\$ 9,769,683
Issuance of warrants to debt holders	\$ -	\$ 4,439,317
Issuance of warrants for services related to debt offering	\$ -	\$ 1,667,281
Cashless warrant exercise (fair value)	\$ -	\$ 515,975
Conversion of debt	\$ 14,209,000	\$ 5,638,275
Conversion of accrued interest	\$ 1,136,720	\$ 460,185
Issuance of shares and warrants for conversion of Simple Agreements for Future Equity	\$ -	\$ 1,427,141

Conference Call:

Know Labs will host an audio webcast to discuss its results and provide a business update today, December 20, 2022, at 4:30pm ET (1:30 pm PT). The live webcast will be available on the Investors page of the Company's website, www.knowlabs.co/investors, and a replay will be available for six months.

Participant Dial-In: 877-514-3621 / +1 215-268-9856

Webcast: <https://event.choruscall.com/mediaframe/webcast.html?webcastid=QSXwrYND>

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.

About Know Labs, Inc.

[Know Labs, Inc.](http://www.knowlabs.co) is a public company whose shares trade on the NYSE American Exchange under the stock symbol "KNW." The Company's technology uses spectroscopy to direct electromagnetic energy through a substance or material to capture a unique molecular signature. The Company refers to its technology as Bio-RFID™. The Bio-RFID technology can be integrated into a variety of wearable, mobile or bench-top form factors. 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 first application of our Bio-RFID technology will be in a product marketed as a non-invasive glucose monitor. It will provide the user with 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, 2022, 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. 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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