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

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: September 30, 2024

□ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 001-37479

KNOW LABS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**90-0273142**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
619 Western Avenue, Suite 610 Seattle, Washington 98104	**98104**
(Address of principal executive offices)	(Zip Code)

(206) 903-1351
(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, par value $0.001 per share	KNW	NYSE American LLC

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes □ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes □ No ☒

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 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. □

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. □

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). □

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes □ No ☒

As of March 29, 2024 (the last business day of our most recently completed second fiscal quarter), based upon the last reported trade on that date, the aggregate market value of the voting and non-voting common equity held by non-affiliates was $49,096,582.

As of November 14, 2024, there were a total of 108,097,936 shares of the registrant's common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Know Labs, Inc.

Annual Report on Form 10-K
Year Ended September 30, 2024

TABLE OF CONTENTS

INTRODUCTORY NOTES

Use of Terms

Except as otherwise indicated by the context and for the purposes of this report only, references in this report to "we," "us," "our" and "our company" are to Know Labs, Inc., a Nevada corporation, and its consolidated subsidiaries.

Special Note Regarding Forward-Looking Statements

This report contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to us. All statements other than statements of historical facts are forward-looking statements. These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- expected changes in our revenue, costs or expenditures;
- growth of and competition trends in our industry;
- our expectations regarding demand for, and market acceptance of, our products;
- our expectations regarding our relationships with investors, institutional funding partners and other parties with whom we collaborate;
- fluctuations in general economic and business conditions in the markets in which we operate; and
- relevant government policies and regulations relating to our industry.

In some cases, you can identify forward-looking statements by terms such as "may," "could," "will," "should," "would," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," "project" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under Item 1A "*Risk Factors*" and elsewhere in this report. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

The forward-looking statements made in this report relate only to events or information as of the date on which the statements are made in this report. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

Trademarks, Trade Names and Service Marks

We own or have rights to trademarks, service marks and trade names that we use in connection with the operation of our business, including our corporate name, logos and website names. Other trademarks, service marks and trade names appearing in this report are the property of their respective owners. Solely for convenience, some of the trademarks, service marks and trade names referred to in this report are listed without the ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our trademarks, service marks and trade names. This report may include trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and trade names included in this Annual Report are the property of their respective owners.

PART I

ITEM 1. BUSINESS.

Overview

Know Labs, Inc. (the "Company") is an emerging leader in non-invasive medical diagnostics. We are focused on the development and commercialization of our proprietary sensor technology utilizing radio and microwave dielectric spectroscopy. Our sensor technology elicits a dielectric response that is unique for every molecule. It is based upon first principles of physics. We believe that our patented technology is capable of uniquely identifying and measuring almost any material or analyte using electromagnetic energy to detect, record, identify, and measure the unique "signature" of said materials or analytes and any rate of change when paired with our proprietary artificial intelligence and machine learning derived algorithms, While our core focus is on medical diagnostics, its technology is designed to be a true platform with a myriad of applications outside of the medical diagnostic realm.

The first application of our sensor technology is in a product to non-invasively monitor blood glucose levels. Our device is intended to provide the user with real-time information on their blood glucose levels. During the quarter ended March 31, 2024 we announced our KnowU™ non-invasive wearable continuous glucose monitor working prototype device, which includes our proprietary sensor that has been used in internal clinical testing. We intend to expand our testing, both internally and externally, and to continue to refine the device over time, which will require Food & Drug Administration ("FDA") clearance before entering the market.

Following FDA clearance of our non-invasive blood glucose monitoring device, Know Labs plans to expand its sensor technology to other non-invasive medical diagnostic applications. As a platform technology, we believe that it will be able to identify numerous other analytes in the human body that are important in medical diagnostics and human health and wellness. With data gathered over time by our sensor and analyzed by our algorithms our longer-term vision is to develop a technology that can provide what we call, "predictive health," or an early warning system regarding the onset of disease.

While medical diagnostics applications, with blood glucose monitoring paramount, are the focus of Know Labs, we believe that our proprietary radio frequency and microwave dielectric spectroscopy platform has broad applicability outside of the medical diagnostic realm. We have identified and intend to implement new core workstreams to leverage our intellectual property portfolio of over 300 active patent assets, to generate revenues through patent licensing of opportunities developed in a "Skunkworks" program. Announcements regarding this activity will be made as work progresses and material events occur.

Corporate History and Structure

We were incorporated under the laws of the State of Nevada in 1998. Since 2007, our company has been focused primarily on research and development of proprietary spectroscopic technologies spanning the electromagnetic spectrum.

Know Labs has one wholly owned subsidiary, Particle, Inc. incorporated on April 30, 2020. At this time there is no material activity in the Particle subsidiary while we focus our attention on our sensor technology and glucose monitoring device development.

The Know Labs Technology

We have internally and under contract with third parties developed proprietary platform technology that we believe is able to uniquely identify and measure almost any organic and inorganic material or analyte. Our patented technology is designed to direct electromagnetic energy in the radio wave and microwave frequencies to a substance or material to capture a unique molecular signature through the activation of a dialectic response known as permittivity from targeted analytes. Our technology then performs analytics with our intelligence and machine learning driven algorithms which are designed to allow our sensors to accurately identify and measure individual materials and analytes at the molecular level.

Our technology provides a unique platform upon which we believe a myriad of applications can be developed. We believe that our radio frequency dielectric spectroscopy technology is an "enabling" technology that brings the science of electromagnetic energy to low-cost, real-world commercialization opportunities across multiple industries. The technology is foundational and, as such, the basis upon which we believe significant businesses can be built. While we are pursuing our core focus on commercializing our non-invasive continuous blood glucose monitor, we believe non-core clinical, non-clinical and medical research applications represent a multitude of opportunities for strategic collaboration, joint development, and licensing agreements with leading companies in their respective industries. Additionally, certain fields of use of our platform technology could provide the core element of a "spin-off" company.

We believe an important competitive differentiator for our sensor technology to be its ability to not only identify a wide range of organic and inorganic materials and analytes, but to do so non-invasively, and in real-time, which potentially enables new multivariate models of clinical diagnostics, and health and wellness monitoring.

Know Labs Sensor Technology: Hardware and Software

Our sensor technology embodies two key components: hardware and software. The key hardware component includes a sensor which both sends and receives a radio frequency signal. The data obtained by the receiving aspect of the sensor is analyzed by software. Today, the sensor portion of our hardware development remains subject to adjustment and refinement. The sensor is currently being used in our internal tests, and has been for the past year, gathering billions of data points to further refine our algorithms. It is the core component in our KnowU wearable, continuous glucose monitor prototype device and will be a core component of future versions of our device.

As a consequence, a significant amount of our focus has shifted from product development to data collection and algorithm development. This involves sophisticated development of intelligence and machine learning algorithms which derive meaningful information from the raw data obtained by our sensor. These algorithms are developed through the utilization of intelligence and machine learning by means of training various models. We intend to continue data collection to further refine the accuracy of the algorithm until we feel confident that we can be successful in FDA clinical trials and bring to the market the first non-invasive continuous blood glucose monitor.

Early Results

We previously announced the results of an internal exploratory study comparing tests between our sensor technology and the leading continuous glucose monitors from Abbott Labs (Freestyle Libre®) and Dexcom (G6®) and (G7®). These results have provided evidence of a high degree of correlation between our technology and the current industry leaders and their continuous glucose monitors. Our patented technology is fundamentally differentiated from these industry leaders as our technology completely non-invasively monitors blood glucose levels. We also believe our technology successfully addresses the limiting qualities of non-invasive optical technologies whose diagnostic capacities may be inhibited by skin tones and other factors.

On March 6, 2024, we announced interim results from our internal clinical research study, which assessed the accuracy of our proprietary radiofrequency (RF) dielectric sensor in non-invasively measuring blood glucose in participants with prediabetes and Type 2 diabetes using venous blood as a comparative reference – resulting in an overall Mean Absolute Relative Difference (MARD) of 11.1%. The machine learning model was trained to estimate reference venous blood glucose values on 80% of the data (520 paired values) randomly selected from measured values and then tested on the remaining, held out 20% (130 paired values), where a paired value is defined as data collected from the novel RF sensor paired with a single venous blood glucose value. This study has since been completed and represents an important step in our clinical development by using venous blood as a comparator, which will be required for future FDA clearance, and testing within the target population of the ultimate commercial product.

We continue to build the internal and external development team necessary to commercialize our technology. Our ability to obtain exacting results from the data collected through our sensor technology is enabled by our trade secret algorithms built through our intelligence and machine learning platform. We have been and continue to refine these algorithms so they can accurately determine blood glucose levels across a broad population. We believe our platform technology can also provide accurate measurements for blood alcohol and blood oxygen levels, both of which we have identified in preliminary tests. We expect our platform to provide the analytics for the long list of other potential analytes in the human body many of which are set forth in our issued patent USPTO 11,033,208 B1.

Validation and FDA Clearance

We are also focused on building strong external validation of the technology. This on-going initiative should provide additional evidence and support as we look to approach FDA approval. Over the past year, we have announced several significant validating studies. They include:

Interim results of our most recent clinical research study titled*, "Non-Invasive Blood Glucose Monitoring in People with Diabetes Using an RF Sensor and Venous Blood Comparator."* This study was conducted in house at our lab and the interim results were presented at 17th International Conference on Advanced Technologies & Treatments for Diabetes (ATTD) in Florence, Italy on March 6-9, 2024. The study assessed the accuracy of Know Labs' proprietary radiofrequency dielectric sensor in non-invasively measuring blood glucose in participants with prediabetes and Type 2 diabetes using venous blood as a comparative reference – resulting in an overall Mean Absolute Relative Difference (MARD) of 11.1%.

Results of a proof-of-principle study titled, "*Detecting Unique Analyte-Specific Radio Frequency Spectral Responses in Liquid Solutions, Implications for Non-Invasive Physiologic Monitoring*." This study was conducted in collaboration with Mayo Clinic, sponsored by our company, and its results were presented at the 2023 American Physiological Society (APS) Summit. The study demonstrated the accuracy of the sensor in quantifying three different analytes in vitro. In the peer-reviewed publication, it was found Bio-RFID achieved 100% accuracy in quantifying these three different analytes in vitro. The study was peer-reviewed by Sensors Journal and American Physiology Society.

Results of our technical feasibility study titled, "*Technical Feasibility of a Novel Sensor for Non-Invasive Blood Glucose Monitoring Compared to Dexcom G6®*." These results were presented at the American Association of Clinical Endocrinology (AACE) Annual Meeting in Seattle, WA on May 5, 2023. The study was performed by the Know Labs Clinical Development Team at Know Labs Research Laboratory in Seattle. The purpose of this technical feasibility study was to demonstrate hardware and software infrastructure stability, and to collect additional data to determine the accuracy of the sensor at quantifying BGC in vivo non-invasively using radio frequency by means of training a neural network (NN) model to predict readings of the Dexcom G6® as a proxy for BGC. The study was peer-reviewed by the American Association of Clinical Endocrinology.

Results of a study titled, "*Algorithm Refinement in the Non-Invasive Detection of Blood Glucose Using Know Labs' Bio-RFID Technology.*" The study demonstrates that algorithm optimization using a light gradient-boosting machine (lightGBM) [machine learning model improved the accuracy of Know Labs' Bio-RFID™ sensor technology at quantifying blood glucose using predicted readings of the Dexcom G6® as a proxy for BGC, demonstrating an overall Mean Absolute Relative Difference (MARD) of 12.9% – which is within the range of independently reported values for certain FDA-cleared blood glucose monitoring devices. The study was performed by the Know Labs Clinical Development Team at Know Labs Research Laboratory in Seattle, and reviewed by members of Know Labs' Scientific Advisory Board.

Results from a study titled, "*Novel data preprocessing techniques in an expanded dataset improve machine learning model accuracy for a non-invasive blood glucose monitor.*" The study demonstrates that continued algorithm refinement and more high-quality data improved the accuracy of Know Labs' proprietary Bio-RFID sensor technology, resulting in an overall Mean Absolute Relative Difference (MARD) of 11.3%. As with all Know Labs' previous research, this study was designed to assess the ability of the Bio-RFID sensor to non-invasively and continuously quantify blood glucose, using the Dexcom G6® continuous glucose monitor (CGM) as a reference device and proxy for BGC. In this study where data collection was completed in May of 2023, Know Labs applied novel data preprocessing techniques and trained a light gradient-boosting machine (lightGBM) model to predict blood glucose values of Dexcom G6® CGM using 3,311 observations – or reference device values – from over 330 hours of data collected from 13 healthy participants. With this method, Know Labs was able to predict blood glucose in the test set – the dataset that provides a blind evaluation of model performance – with a MARD of 11.3%. The study was performed by the Know Labs Clinical Development Team at Know Labs Research Laboratory in Seattle and reviewed by members of Know Labs' Scientific Advisory Board.

Results from a study titled "*A Glycemic Status Classification Model Using a Radiofrequency Noninvasive Blood Glucose Monitor*," demonstrated that our technology correctly classified an individual's glycemic status as hyperglycemic, normoglycemic, or hypoglycemic with 93.37% accuracy compared to venous blood glucose values, serving as an early proof-of-concept for a novel, non-invasive diabetes screening device. This study was published in Diabetes Technology & Therapeutics, a leading, peer-reviewed journal covering all aspects of diagnosing and managing diabetes with cutting-edge devices, drugs, drug delivery systems, and software.

Results from a study titled, "*Non-Invasive Blood Glucose Measurement Using RF Spectroscopy and a lightGBM AI Model*," details historical developments and limitations with RF-based sensing technologies, and the distinctiveness of Know Labs' sensor architecture and trade-secret prediction [machine learning algorithm. This study most recent one, was published in the IEEE Sensors Journal. IEEE Sensors is the leading scientific journal in the U.S. that focuses on the theory, design, fabrication and applications of sensing devices, with an emphasis on emerging sensor innovations.

As we successfully completed our foundational studies, created a stable sensor that delivers repeatable results, and developed a software infrastructure to manage and interpret large, novel datasets, we intend to continue to expand our testing and data gathering with larger and more diverse populations. We expect that these new studies will help determine the need, if any, for individual calibration and we intend to evaluate the technology's performance throughout continuous wear, in more real-world environments, and within more expansive glycemic ranges, including the hypoglycemic range (<70 mg/dL). Our data science and algorithm development efforts in 2024 include refining our algorithm to create personalized models, seeking to ensure that it is calibrated with blood glucose reference data from each individual and to enable an accurate glucose value estimation for a known population. Building personalized models is an early step toward a generalized algorithm, but the ability to create these models may themselves prove to be viable in an FDA-cleared commercial device.

We have also begun the internal and external process to pursue FDA clearance for our non-invasive blood glucose monitor. Our Chief Medical Officer, medical and regulatory advisory board, our entire executive team along with external advisors guide us in this process. Additionally, our third-party quality assurance and documentation consultants help ensure that the rigorous requirements of FDA are met. We are unable to estimate the time necessary for FDA approval or the likelihood of success in that endeavor.

Product Strategy

During the quarter ended March 31, 2024, we announced the next iteration of our Generation 1 prototype device, the KnowU, a wearable non-invasive continuous glucose monitor. We are currently undergoing further internal development work of this product. The wearable nature of the KnowU is expected to enable continuous data collection and yield a large volume of data that [machine learning algorithms require to improve accuracy across all intended use-cases. We have also announced that we are in discussions with several strategic partners focused on sensor technology, product design, data science, machine learning, manufacturing and regulatory affairs and clinical collaboration, who we will work with to bring this product to market.

As we showcase our Generation 1 prototype device and our KnowU prototype wearable non-invasive continuous glucose monitor to audiences around the world, we have received strong interest in the use of our technology as a screening device, especially in populations with high incidence of diabetes, where early detection can lead to improved outcomes. Our non-invasive device may be used by multiple individuals in diverse settings (i.e. hospitals, schools, clinics, etc.) which is not possible with the legacy incumbent CGM manufacturers Dexcom and Abbott Labs. Internally, we identify this as a Rest of the World product. We expect to make further announcements regarding our products as development, testing, manufacturing, clinical trials and regulatory approval work progresses.

Our efforts are entirely focused on productizing our sensor technology and collecting high quality data for validation purposes, including third-party studies, and appropriate and required clinical trials. At this point in our development cycle, the hardware continues to be further miniaturized and optimized, the product form factor is moving in the direction of a final product that will be used for FDA clinical trials and the algorithms which provide results from the data collected by our sensor are being refined to improve accuracy.

Sales and Marketing

While we continue with our internal development efforts and the move toward clinical trials for FDA clearance of our non-invasive blood glucose monitor, we will explore the several potential avenues for moving our first product and potential follow-on products into the marketplace. The avenues being explored include direct to consumer, initial launch partners, broad distribution partners, licensing partners and private label approaches to the market, among others. As part of our growth strategy, we have begun discussions with potential biopharma, medical device, and consumer electronics partners regarding joint development agreements. These agreements could be strategic collaborations that could help us accelerate development and commercial launch. Others could focus on development and clinical work to identify additional analytes or work to integrate our technology into and with that of a joint development partner. We attend and engage in conferences worldwide focused on diabetes management and technology, which are valuable for building Know Labs' reputation and network in the industry.

Competition

The technology industry, generally, and blood glucose monitoring and other medical diagnostic markets in particular, are intensely competitive, subject to rapid change and significantly affected by new product introductions and other market activities by industry participants. To compete successfully, we will need to demonstrate the advantages of our products and technologies over well-established alternative solutions, products, and technologies, including legacy providers of blood glucose monitoring technology. There are also new entrants working to achieve a non-invasive solution or more acceptable blood glucose monitoring solutions which may or may not be similar to our technology. Ultimately we must convince the patient, medical and the insurance reimbursement market of the advantages of our products and technologies.

We group our competition into three large categories. Those are (i) large global technology companies who may enter the blood glucose monitoring and other medical diagnostic markets, (ii) legacy providers of blood glucose monitoring technology, and (iii) new entrants working to achieve a non-invasive solution or more acceptable blood glucose monitoring solutions which may or may not be similar to our technology. With regard to companies in each category, we perform due diligence from all publicly available sources of information on their relevant technologies and their product plans. This information informs and refines our activities and underscores our sense of urgency as we work to bring our own technology to the marketplace. As it relates to all competitors, we continue to focus on building the world's most robust patent portfolio in this space. PatSnap Research and ipCapital Group, two leading patent analytic firms, have ranked Know Labs #1 for global patent leadership in non-invasive glucose monitoring patents. We have retained both organizations to perform patent related work. We continue to build out our patent portfolio and grow our trade secret intelligence and machine learning driven algorithms. Patents issued, pending, and in-process increased from 159 to 279 year over year reflecting our high rate of innovation.

With respect to our planned non-invasive continuous glucose monitor, we will face direct and indirect competition from a number of competitors who have developed or are developing products for continuous monitoring of glucose levels. These competitors include Dexcom, Inc., Abbott Laboratories, Medtronic plc, Roche Diagnostics, LifeScan, Inc., Ascensia Diabetes Care Holdings AG, Senseonics Holdings, Inc., Integrity Applications, Inc., Nemaura Medical, Biolinq Inc., and Profusa, Inc. Our planned solution will also compete with traditional glucometers, which remain an inexpensive alternative. We also compete with companies who are seeking to create non-invasive glucose monitors, such as Movano, Inc., Hagar, Afon and DiaMonTech AG. Because of the large size of the potential market for our products, it is possible that new or existing competitors may develop competing products, procedures, or clinical solutions that could prove to be more effective, safer, or less costly than our solution. The introduction of new products, procedures, or clinical solutions by competitors may result in price reductions, reduced margins, or loss of market share, or may render our products obsolete. Many of the companies we will compete with enjoy significantly greater name recognition and have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and sales and marketing of approved products than we have.

It is important, as we approach the market with what we call the "next generation" of glucose monitor, to do so in the context of the progress that has been made over the last forty years. Glucose levels were historically determined by testing urine. In the early 1980s, the fingerstick was introduced with its enzymatic determination of glucose levels from blood drawn from the finger. In the early 2000s, Dexcom and Abbott Labs came to the market with the first continuous glucose monitors utilizing their own enzymatic determination of blood glucose from interstitial fluid.

We believe that our non-invasive glucose monitor represents the next generation whether used in a continuous or as spot check screening manner.

The size of the global population suffering from diabetes is estimated by the International Diabetes Federation to be 579 million. It is expected to reach 643 million by 2030 and 784 million by 2040. Currently, the leading CGM providers, Dexcom, Abbott and Medtronic have 100% of the market share of CGMs. The latest available information from their regulatory filings indicate that they have penetrated less than 1% of the global addressable market. While competitive analysis is always an important part of our business strategy and thinking, the scope of the market provides room for a number of providers of accurate, less expensive and more sustainable technology.

Mergers and acquisitions in the medical device, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of our competitors. Other small or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. There are also several academic and other institutions involved in various phases of technology development regarding blood glucose monitoring devices.

Competitive Advantages

We believe our key competitive strengths include:

- Through first principles, our sensor technology's is expected to not only identify a wide range of organic and inorganic materials and analytes, but to do so non-invasively, accurately, and in real time, which potentially enables new multivariate models of clinical diagnostics, and health and wellness monitoring.
- Our sensor technology is designed to be non-invasive, using radio waves to identify and measure what is going on inside the body.
- Our sensor technology platform is designed to be integrated into a variety of wearable, mobile, or counter-top form factors, and we believe eventual interoperability with existing products from current market leaders.
- No needles nor invasive transmitters in the user's body, making our sensor convenient and pain-free.
- No expensive supplies, such as replaceable sensors, test strips and lancets or other disposables, are required to operate our device.
- A core focus on accessibility and affordability for the populations we will serve around the globe.
- The current prototype sensor collects approximately 1.5 million data points per hour, which allows us to potentially build a deep understanding of health and wellness that other sensors may be unable to match.
- Know Labs is the world intellectual property leader in non-invasive blood glucose monitoring, according to ipCapital Group and PatSnap Research.

Growth Strategy

The key elements of our strategy to grow our business include:

- Initially, entering the diabetes glucose monitoring market with our non-invasive continuous glucose monitoring device.
- Following our entry into the glucose monitoring market, entering other clinical monitoring markets for continuous, non-invasive hormone, medication metabolites, endocrinology components, and biomolecular monitoring.
- Applying our platform technology to lifestyle analysis, clinical trials, and chronic illnesses. We believe potential use cases include real-time wearable medication monitoring and detection of, for example, ovulation and hormone deficiency.
- With a potential ever-growing body of non-invasively determined analytes available from individuals utilizing our technology we believe, over time, with longitudinal data we will be able to engage in so-called "predictive health" and provide early warnings of the onset of disease.
- Significantly, every new application will likely function utilizing the same sensor. We expect that hardware changes will not be required to target new analytes, so users will not need a new device, but an updated software algorithm will be required.
- Each new application provides potential new opportunities for monetization of the platform technology. Each additional analyte we identify over time may require its own subsequent FDA clearance.

Research and Development

Our current research and development efforts are primarily focused on improving our radio frequency dielectric spectroscopy technology for the monitoring of blood glucose. As part of this effort, we continuously perform clinical testing of our devices, and we conduct on-going laboratory testing to ensure that application methods are compatible with the end-user and regulatory requirements, and that they can be implemented in a cost-effective manner. Over time, we plan to focus on extending the capacity of our sensor technology to identify new analytes and applications. Our current internal team along with outside consultants have considerable experience working with the application of our technologies. We engage third party experts as required to supplement our internal team. We incurred expenses of approximately $6,114,000 and $7,727,000 for the years ended September 30, 2024 and 2023, respectively, on development activities.

The cornerstone of our foundational platform technology is our intellectual property portfolio. We have pursued an active intellectual property strategy which includes focus on patents where appropriate and a diligent protection of trade secrets. To date, we have been granted 75 patents. We currently have a number of patents pending and continue, on a regular basis, with the filing of new patents. Including pending and in process patents, our IP portfolio reaches 279 patents issued and pending, which positions us as the top worldwide IP holder in non-invasive blood glucose monitoring, according to ipCapital Group, a leading IP and innovation consulting firm. We possess all rights, title and interest to all issued, pending and in process patents.

Our issued patents will expire at various times between 2027 and 2047. Pending patents, if and when issued, may have expiration dates that extend further in time. The duration of our trademark registrations varies from country to country. However, trademarks are generally valid and may be renewed indefinitely as long as they are in use and/or their registrations are properly maintained.

The issued patents cover the fundamental aspects of our radio frequency spectroscopy technology and a number of unique applications. We have filed patents, which are pending, on the additional fundamental aspects of our technology and growing number of unique applications. We intend to continue, over time, to expand our patent portfolio.

Additionally, significant aspects of our technology are maintained as trade secrets which may not be disclosed through the patent filing process. We are diligent in maintaining and securing our trade secrets, in particular as they involve our intelligence and machine learning driven algorithms.

We also have an exclusive, perpetual and royalty free right to any patent(s) or other intellectual property which Phillip Bosua, our former CEO, someone working under direction of Mr. Bosua, or any successor or assignee develops, relating to Know Labs' technology prior to January 23, 2028.

Related Patent Assets

Inherent in a platform technology is the ability to develop or license technology in diverse fields of use apart from our core focus. We focus on human health and wellness with a first focus on the non-invasive monitoring of blood glucose. We plan to pursue the identification of a multitude of analytes in the human body that are important to diagnostics over time. We also plan to identify, over time, opportunities for our intellectual property to be deployed in areas outside of human health and wellness.

Employees

As of September 30, 2024, we had twelve full-time and part-time employees. Our senior management and other personnel are co-located in our Seattle, Washington offices and remote. We expanded our utilization of consulting firms and individual contractors to supplement our reduced workforce in an effort to reduce fixed expenses and extend operating resources.

Government Regulation

Our operations are subject to comprehensive federal, state, and local laws and regulations in the jurisdictions in which we or our research and development partners do business. The laws and regulations governing our business and interpretations of those laws and regulations are subject to frequent change. Our ability to operate profitably will depend in part upon our ability, and that of our research and development partners and affiliates, to operate in compliance with applicable laws and regulations. The laws and regulations relating to medical devices that apply to our business and that of our partners and affiliates continue to evolve, and we must, therefore, devote significant resources to monitoring developments in legislation, enforcement, and regulation in such areas. As the applicable laws and regulations change, we are likely to make conforming modifications in our business processes from time to time. We cannot provide assurance that a review of our business by courts or regulatory authorities will not result in determinations that could adversely affect our operations or that the regulatory environment will not change in a way that restricts our operations.

United States FDA Regulation

The Know Labs KnowU glucose monitoring product will be designed to allow our sensor technology platform to generate a glucose value and provide the user with real-time information on its blood glucose levels. A patient's glucose data will be displayed via a companion app and will be transmitted directly to certain compatible mobile devices, including iPhone® and Android® devices.

Our medical diagnostic products and operations, initially the KnowU glucose monitoring product, are subject to extensive and rigorous regulation by the FDA under the Federal Food, Drug, and Cosmetic Act, or FFDCA, and its implementing regulations, guidance documentation, and standards. Our products will be regulated by FDA as medical devices. FDA regulates the design, development, research, testing, manufacturing, safety, labeling, storage, recordkeeping, promotion, distribution, sale and advertising of medical devices in the United States to ensure that medical products distributed domestically are safe and effective for their intended uses. FDA also regulates the export of medical devices manufactured in the United States to international markets. Any violations of these laws and regulations could result in a material adverse effect on our business, financial condition and results of operations. In addition, if there is a change in law, regulation or judicial interpretation, we may be required to change our business practices, which could have a material adverse effect on our business, financial condition and results of operations.

Under the FFDCA, medical devices are generally classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk to the patient and/or the user associated with each medical device and the extent of control needed to ensure safety and effectiveness. Device classification also depends on the intended use of the device and upon indications for use. Additionally, the class to which a device is assigned also determines, among other things, the type of premarketing submission/application required for FDA clearance to market.

Class I includes devices with the lowest risk, present a minimal potential for harm and for which safety and effectiveness can be assured by adherence to FDA's "general controls" for medical devices. This includes compliance with the applicable portions of FDA's Quality System Regulation, or QSR, facility registration and product listing, reporting of adverse medical events, and appropriate, truthful and non-misleading labeling, advertising, and promotional materials. Some Class I devices require premarket clearance by FDA through the 510(k) premarket notification process described below but most are exempt from 510(k) premarket notification requirements.

Class II devices are moderate risk devices that present a higher risk than Class I devices. Class II devices are subject to FDA's general controls, and any other "special controls" deemed necessary by FDA to ensure the safety and effectiveness of the device, such as performance standards, product-specific guidance documents, special labeling requirements, patient registries or post-market surveillance. Premarket review and clearance by FDA for Class II devices is accomplished through the 510(k) premarket notification procedure, though certain Class II devices are exempt from this premarket review process. When a 510(k) is required, the manufacturer must submit to FDA a premarket notification submission demonstrating that the device is "substantially equivalent" to a legally marketed device, which in some cases may require submission of clinical data. If FDA determines that the device, or its intended use, is not substantially equivalent to a legally marketed device, then FDA will place the device, or the particular use of the device, into Class III, and the device sponsor must then fulfill much more rigorous premarketing requirements. Additionally, unless a specific exemption applies, 510(k) premarket notification submissions are subject to user fees.

Class III includes those with the greatest risk as they sustain or support life, are implanted, or present a potential unreasonable risk of illness or injury. In other words, Class III devices consist of devices deemed by FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a predicate device. The safety and effectiveness of Class III devices cannot be assured solely by general or special controls. Submission and FDA approval of a premarket approval, or PMA, application is generally required before marketing of a Class III device can proceed. The PMA process is much more demanding than the 510(k) premarket notification process. A PMA application, which is intended to demonstrate that the device is safe and effective, must be supported by extensive data, typically including data from preclinical studies and human clinical trials. Additionally, as with 510(k) submissions, unless subject to an exemption, PMA submissions are subject to user fees.

The classification a product may be subject can be determined using three different methods – searching for an appropriate product classification via FDA's Product classification database; searching for a similar device by clearance or approval via FDA's 510(k) Clearance Database, PMA Database, or De Novo Database; or searching for a similar device by device listing via FDA's Establishment Registration and Device listing Database.

There are also De Novo and unclassified device types. Unclassified device types are pre-amendments devices (i.e., marketed prior to the Medical Device Amendments of 1976 but were not classified by the original classification panels) for which a classification regulation has not been promulgated. Until the unclassified device type has been formally classified and a regulation established by FDA, submission of a 510(k) premarket notification is generally required.

De Novo classification, described in more detail below, provides a marketing pathway to classify novel medical devices for which general and/or special controls provide reasonable assurance of safety and effectiveness for the intended use but for which there is no legally marketed device upon which to base a determination of substantial equivalence predicate device (i.e., no predicate product, new intended use, or different technological characteristics that raise different questions of safety and effectiveness). Devices classified into Class I or Class II through a De Novo request may be marketed and used as predicates for other future submissions, where applicable.

510(k) Clearance

To obtain 510(k) clearance for a medical device, an applicant must submit to FDA a premarket notification submission demonstrating that the proposed device is "substantially equivalent" (i.e., as safe and effective) to a legally marketed device, known as a "predicate device." A legally marketed predicate device may include a device that was legally marketed prior to May 28, 1976 for which a PMA is not required (known as a "pre-amendments device" based on the date of enactment of the Medical Device Amendments of 1976), a device that has been reclassified from Class III to Class II or Class I, a device that was found substantially equivalent through the 510(k) process or a device that was granted marketing authorization via the De Novo classification process that is not exempt from premarket notification requirement. A device is substantially equivalent if, with respect to the predicate device, it has the same intended use and has either (i) the same technological characteristics, or (ii) different technological characteristics, but the information provided in the 510(k) submission demonstrates that the device does not raise new questions of safety and effectiveness and is at least as safe and effective as the legally marketed predicate device. A showing of substantial equivalence sometimes, but not always, can require clinical data and non-clinical bench performance data, including engineering performance testing, sterility, electromagnetic compatibility, software validation, biocompatibility evaluation, among other data.

Before FDA will accept a 510(k) submission for substantive review, FDA will first assess whether the submission satisfies a minimum threshold of acceptability. If FDA determines that the 510(k) submission is incomplete, then FDA will issue a "Refuse to Accept" letter which generally outlines the information FDA believes is necessary to permit a substantive review and to reach a determination regarding substantial equivalence. An applicant must submit the requested information before FDA will proceed with additional review of the submission. Once the 510(k) submission is accepted for review, by regulation, FDA has 90 days to review and issue a determination. As a practical matter, clearance often takes longer. FDA may require additional information, including additional clinical and non-clinical data, to make a determination regarding substantial equivalence.

If FDA agrees that the device is substantially equivalent to a predicate device currently on the market, then it will grant 510(k) clearance to commercially market the device. If FDA determines that the device is "not substantially equivalent" to a previously cleared device, the device is automatically designated as a Class III device. The device sponsor must then fulfill more rigorous PMA requirements, or can request a risk-based classification determination for the device in accordance with the De Novo process.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, will require a new 510(k) clearance or, depending on the modification, PMA approval. The determination as to whether or not a modification could significantly affect the device's safety or effectiveness is initially left to the manufacturer using available FDA guidance. Many minor modifications today are accomplished by a "letter to file" in which the manufacture documents the rationale for the change and why a new 510(k) is not required. However, FDA may review such letters to file to evaluate the regulatory status of the modified product at any time and may require the manufacturer to cease marketing and recall the modified device until 510(k) clearance or PMA approval is obtained. The manufacturer may also be subject to significant regulatory fines or penalties.

PMA Approval

A PMA must be submitted to FDA for any device that is classified in Class III or otherwise cannot be cleared through the 510(k) process (although FDA has discretion to continue to allow certain pre-amendment Class III devices to use the 510(k) process). PMA applications must be supported by, among other things, valid scientific evidence demonstrating the safety and effectiveness of the device, which typically requires extensive data, including technical, preclinical, clinical and manufacturing data (e.g., study protocols, adverse reactions and complications, device failures and replacements, patient information, patient complaints, tabulations of data from all individual subjects, results of statistical analyses), and non-clinical laboratory or safety studies (e.g., microbiology, toxicology, immunology, biocompatibility, stress, wear, shelf life, and other laboratory or animal tests). The PMA must also contain a full description of the device and its components, a full description of the methods, facilities, and controls used for manufacturing, and proposed labeling.

Following receipt of a PMA application, once FDA determines that the application is sufficiently complete to permit a substantive review, FDA will formally accept the application for review. FDA, by statute and by regulation, has 180-days to review an "accepted" PMA application, although the review of an application more often occurs over a significantly longer period of time, and can take up to several years. During the review period, FDA will typically request additional information or clarification of the information already provided. Also, an advisory panel of experts from outside FDA may be convened to review and evaluate the application and provide recommendations to FDA as to the approvability of the device. FDA may or may not accept the panel's recommendation. In addition, FDA will generally conduct a pre-approval inspection of the manufacturing facility or facilities to ensure compliance with the QSR.

If FDA evaluations of both the PMA application and the manufacturing facilities are favorable, FDA will either issue an approval letter or an approvable letter, which usually contains a number of conditions that must be met in order to secure final approval of the PMA. If FDA's evaluation of the PMA or manufacturing facilities is not favorable, FDA will deny approval of the PMA or issue a not approvable letter. A not approvable letter will outline the deficiencies in the application and, where practical, will identify what is necessary to make the PMA approvable. FDA may also determine that additional clinical trials are necessary, in which case the PMA approval may be delayed for several months or years while the trials are conducted. Once granted, PMA approval may be withdrawn by FDA if compliance with post-approval requirements, conditions of approval or other regulatory standards is not maintained or problems are identified following initial marketing.

In approving a PMA, FDA may also require some form of post-market surveillance when necessary to protect the public health or to provide additional safety and effectiveness data for the device. In such cases, the manufacturer might be required to follow certain patient groups for a number of years and makes periodic reports to FDA on the clinical status of those patients.

New PMAs or PMA supplements are required for modifications that affect the safety or effectiveness of a PMA-approved device, including, for example, certain types of modifications to the device's indication for use, manufacturing process, labeling and design. PMA supplements often require submission of the same type of information as a PMA, except that the supplement is limited to information needed to support any changes from the device covered by the original PMA and may not require as extensive clinical data or the convening of an advisory panel.

De Novo Classification

Medical device types that FDA has not previously classified as Class I, II or III are automatically classified into Class III regardless of the level of risk they pose. The Food and Drug Administration Modernization Act of 1997 established a new route to market for low to moderate risk medical devices that are automatically placed into Class III due to the absence of a predicate device, called the "Request for Evaluation of Automatic Class III Designation," or the *de novo* classification procedure. This procedure allows a manufacturer whose novel device is automatically classified into Class III to request down-classification of its medical device into Class I or Class II on the basis that the device presents low or moderate risk, rather than requiring the submission and approval of a PMA application. If the manufacturer seeks reclassification into Class II, the manufacturer must include a draft proposal for special controls that are necessary to provide a reasonable assurance of the safety and effectiveness of the medical device. In addition, FDA may reject the reclassification petition if it identifies a legally marketed predicate device that would be appropriate for a 510(k) or determines that the device is not low to moderate risk or that general controls would be inadequate to control the risks and special controls cannot be developed. Under the Medical Device User Fee Amendments of 2017 (MDUFA IV), FDA's goal is to make a decision about a De Novo request in 150 review days. Review days are calculated as the number of calendar days between the date the De Novo request was received by FDA and the date of FDA's decision, excluding the days a request was on hold for an additional information request.

It is our current belief that our KnowU glucose monitoring product may require a *de novo* classification request. This will be further refined as we continue working closely with our regulatory consultants.

Breakthrough Devices Program

The Breakthrough Devices Program is a voluntary program for certain medical devices and device-led combination products that provide for more effective treatment or diagnosis of life-threatening or irreversibly debilitating diseases or conditions.

The goal of the Breakthrough Devices Program is to provide patients and health care providers with timely access to these medical devices by speeding up their development, assessment, and review, while preserving the statutory standards for premarket approval, 510(k) clearance, and De Novo marketing authorization, consistent with the Agency's mission to protect and promote public health.

The Breakthrough Devices Program replaces the Expedited Access Pathway and Priority Review for medical devices and offers manufacturers an opportunity to interact with FDA to efficiently address topics as they arise during the premarket review phase. FDA considers devices granted designation under the Expedited Access Pathway to be part of the Breakthrough Devices Program.

All requests for Breakthrough designation must be submitted prior to submitting a marketing submission and can be revoked by FDA at any time. Additionally, devices eligible for Breakthrough Device designation must (1) provide for more effective treatment or diagnosis of life-threatening or irreversibly debilitating human disease or conditions; and (2) meet at least one of the following: (i) represent breakthrough technology; (ii) have no approved or cleared alternatives that exist; (iii) offer significant advantages over existing approved or cleared alternatives; or (iv) whose availability is in the best interest of patients.

We may pursue the Breakthrough Devices Program for our KnowU glucose monitoring product.

Clinical Studies

When FDA clearance or approval of a Class I, Class II or Class III device requires human clinical trials, and if the device presents a "significant risk" to human health, then the device sponsor is required to file an IDE application with FDA and obtain IDE approval prior to commencing the human clinical trial. If the device is considered a "non-significant risk," IDE submission to FDA is not required but must still follow IDE requirements, such as monitoring the investigation, ensuring that the investigators obtain informed consent, and complying with labeling and record keeping requirements. Instead, only approval from the Institutional Review Board, or IRB, overseeing the investigation at each clinical trial site is required. Human clinical studies are generally required in connection with approval of Class III devices and may be required for Class I and II devices.

Regardless of the degree of risk presented by the medical device, clinical studies must be approved by, and conducted under the oversight of, an IRB for each clinical site. The IRB is responsible for the initial and continuing review of the IDE and may impose additional requirements for the conduct of the study. If an IDE application is approved by FDA and one or more IRBs, human clinical trials may begin at a specific number of investigational sites with a specific number of patients, as approved by FDA.

The sponsor is also required to comply with the applicable FDA requirements during the clinical trial (e.g., trial monitoring, selecting clinical investigators and providing them with the investigational plan, ensuring IRB review, adverse event reporting, record keeping and prohibitions on the promotion of investigational devices, or on making safety or effectiveness claims for them). The sponsor may transfer some or all of its obligations related to a clinical study to a third-party but is ultimately responsible for compliance regardless of whether these obligations are contractually transferred.

The clinical investigators in the clinical study are also subject to FDA's regulations and must obtain patient informed consent, rigorously follow the investigational plan and study protocol, control the disposition of the investigational device, and comply with all reporting and recordkeeping requirements. Additionally, after a trial begins, we, FDA, or the IRB could suspend or terminate a clinical trial at any time for various reasons, including a belief that the risks to study subjects outweigh the anticipated benefits.

FDA or the IRB at each institution at which a clinical trial is being performed may suspend a clinical trial at any time for various reasons, including a belief that the subjects are being exposed to an unacceptable health risk. Even if a trial is completed, the results of clinical testing may not adequately demonstrate the safety and efficacy of the device or may otherwise not be sufficient to obtain FDA clearance or approval to market the product in the United States.

Post-Marketing Restrictions and Enforcement

After a device is placed on the market, numerous regulatory requirements apply. These include, but are not limited to:

- Product listing and establishment registration, which helps facilitate FDA inspections and other regulatory action;
- Reporting of potential device shortages in some circumstances, including during a public health emergency;
- Compliance with QSR, which requires manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the design and manufacturing process;
- unannounced routine or for-cause device facility inspections by FDA, which may include our suppliers' facilities;
- labeling regulations and FDA prohibitions against the promotion of products for uncleared or unapproved "off-label" uses;
- clearance of product modifications that could significantly affect safety or efficacy or that would constitute a major change in intended use of one of our cleared devices;
- corrections and removal reporting regulations, which require that manufacturers report to FDA field corrections or removals if undertaken to reduce a risk to health posed by a device or to remedy a violation of the FFDCA that may present a risk to health;
- medical device reporting regulations, which require that manufacturers comply with FDA requirements to report if their device may have caused or contributed to a death or serious injury, or has malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction of the device or a similar device were to recur;
- post-approval restrictions or conditions, including post-approval study commitments;
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device;
- FDA's recall authority, whereby it can ask, or under certain conditions order, device manufacturers to recall from the market a product that is in violation of governing laws and regulations; and
- regulations pertaining to voluntary recalls.

Advertising and promotion of medical devices, in addition to being regulated by FDA, are also regulated by the Federal Trade Commission (the "FTC") as well as comparable state consumer protection laws. Recently, promotional activities for FDA-regulated products of other companies have been the subject of enforcement action brought under healthcare reimbursement laws and consumer protection statutes. In addition, under the federal Lanham Act and similar state laws, competitors and others can initiate litigation relating to advertising claims. If FDA determines that our promotional materials or training constitutes promotion of an unapproved or uncleared use, then it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider our promotional or training materials to constitute promotion of an unapproved or uncleared use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. In that event, our reputation could be damaged, and adoption of the products would be impaired.

In addition, under FDA medical device reporting ("MDR") regulations, medical device manufacturers are required to report to FDA information that a device has or may have caused or contributed to a death or serious injury or has malfunctioned in a way that would likely cause or contribute to death or serious injury if the malfunction of the device or a similar device of such manufacturer were to recur. The decision to file an MDR involves a judgment by the manufacturer. If FDA disagrees with the manufacturer's determination, FDA can take enforcement action.

The MDR requirements also extend to health care facilities that use medical devices in providing care to patients, or "device user facilities," which include hospitals, ambulatory surgical facilities, nursing homes, outpatient diagnostic facilities, or outpatient treatment facilities, but not physician offices. A device user facility must report any device-related death to both FDA and the device manufacturer, or any device-related serious injury to the manufacturer (or, if the manufacturer is unknown, to FDA) within 10 days of the event. Device user facilities are not required to report device malfunctions that would likely cause or contribute to death or serious injury if the malfunction were to recur but may voluntarily report such malfunctions through MedWatch, FDA's Safety Information and Adverse Event Reporting Program.

FDA also has the authority to require the recall of commercialized medical device products in the event of material deficiencies or defects in design or manufacture. The authority to require a recall must be based on an FDA finding that there is a reasonable probability that the device would cause serious adverse health consequences or death. Manufacturers may, under their own initiative, recall a product if any distributed devices fail to meet established specifications, are otherwise misbranded or adulterated under the FFDCA, or if any other material deficiency is found. FDA requires that certain classifications of recalls be reported to FDA within ten working days after the recall is initiated.

The failure to comply with applicable regulatory requirements can result in enforcement action by FDA, which may include any of the following sanctions:

- warning letters, fines, injunctions or civil penalties;
- recalls, detentions or seizures of products;
- operating restrictions;
- delays in the introduction of products into the market;
- total or partial suspension of production;
- delay or refusal of the FDA or other regulators to grant 510(k) clearance, PMA approvals, or other marketing authorization to new products;
- withdrawals of marketing authorizations; or
- in the most serious cases, criminal prosecution.

To ensure compliance with regulatory requirements, medical device manufacturers are subject to market surveillance and periodic, pre-scheduled and unannounced inspections by FDA, and these inspections may include the manufacturing facilities of subcontractors.

Federal Trade Commission Regulatory Oversight

Our advertising for our products and services is subject to federal truth-in-advertising laws enforced by the FTC as well as comparable state consumer protection laws. Under the Federal Trade Commission Act (the "FTC Act"), the FTC is empowered, among other things, to (a) prevent unfair methods of competition and unfair or deceptive acts or practices in or affecting commerce; (b) seek monetary redress and other relief for conduct injurious to consumers; and (c) gather and compile information and conduct investigations relating to the organization, business, practices, and management of entities engaged in commerce. The FTC has very broad enforcement authority, and failure to abide by the substantive requirements of the FTC Act and other consumer protection laws can result in administrative or judicial penalties, including civil penalties, injunctions affecting the manner in which we would be able to market services or products in the future, or criminal prosecution.

International

Any future international sales are subject to regulatory requirements in the countries in which our products are sold. The regulatory review process varies from country to country and may in some cases require the submission of clinical data.

Available Information

You can find reports on our company including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports on our website *www.knowlabs.co* under the "Investors" heading. These reports are available free of charge and as soon as reasonably practicable after they have been filed with, or furnished to, the U.S. Securities and Exchange Commission (the "SEC"). We are providing the address of our website solely for the information of investors and the information on our website is not a part of or incorporated into this or any report that we file with the SEC.

ITEM 1A. RISK FACTORS.

An investment in our common stock involves a high degree of risk. You should carefully read and consider all of the risks described below, together with all of the other information contained or referred to in this report, before making an investment decision with respect to our common stock. If any of the following events occur, our financial condition, business and results of operations (including cash flows) may be materially adversely affected. In that event, the market price of our common stock could decline, and you could lose all or part of your investment.

Summary of Risk Factors

An investment in our securities involves a high degree of risk. You should carefully consider the risks summarized below. These risks are discussed more fully in the "*Risk Factors*" section immediately following this summary. These risks include, but are not limited to, the following:

Risks Related to Our Business and Industry

- We might not be able to continue as a going concern. We believe that our cash on hand will be sufficient to fund our operations at least through February 28, 2025.
- We are still in the early stages of commercialization, refining our technology. Our success depends on our ability to conclude development and market devices that are recognized as accurate, safe, and cost-effective as other options currently available in the market and cleared by FDA.
- We are subject to extensive regulation by FDA, which could restrict the sales and marketing of our products and could cause us to incur significant costs.

Risks Related to Ownership of Our Common Stock and Warrants

- The market price of our common stock may fluctuate, and you could lose all or part of your investment.
- We may not be able to maintain a listing of our common stock on the NYSE American.
- We do not expect to declare or pay dividends in the foreseeable future.
- Future issuances of our common stock or securities convertible into, or exercisable or exchangeable for, our common stock, or the expiration of lock-up agreements that restrict the issuance of new common stock or the trading of outstanding common stock, could cause the market price of our securities to decline and would result in the dilution of your holdings.
- Future issuances of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future issuances of preferred stock, which could rank senior to our common stock for the purposes of dividends and liquidating distributions, may adversely affect the level of return you may be able to achieve from an investment in our common stock.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully read and consider all of the risks described below, together with all of the other information contained or referred to in this report, before making an investment decision with respect to our common stock. If any of the following events occur, our financial condition, business and results of operations (including cash flows) may be materially adversely affected. In that event, the market price of our common stock could decline, and you could lose all or part of your investment.

Risks Related to Our Business and Industry

We need additional financing to support our technology development and ongoing operations, pay our debts and maintain ownership of our intellectual property.

We are currently operating at a loss and using substantial cash to fund our operation. We believe that our cash on hand will be sufficient to fund our operations through February 28, 2025. We may need additional financing to implement our business plan and to service our ongoing operations, pay our current debts (described below) and maintain ownership of our intellectual property. There can be no assurance that we will be able to secure any needed funding, or that if such funding is available, the terms or conditions would be acceptable to us. If we are unable to obtain additional financing when it is needed, we will need to restructure our operations and/or divest all or a portion of our business. We are seeking additional capital through a combination of private and public equity offerings, debt financings and strategic collaborations. Debt financing, if obtained, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, and could increase our expenses and require that our assets secure such debt. Equity financing, if obtained, could result in dilution to our then-existing stockholders and/or require such stockholders to waive certain rights and preferences. If such financing is not available on satisfactory terms, or is not available at all, we may be required to delay, scale back, eliminate the development of business opportunities and our operations and financial condition may be materially adversely affected. There can be no assurance that we will be able to sell that number of shares, if any.

We need to continue as a going concern if our business is to succeed.

Because we have generated limited revenues in prior years and currently operate at a loss, we are completely dependent on the continued availability of financing in order to continue our business. There can be no assurance that financing sufficient to enable us to continue our operations will be available to us in the future.

As of September 30, 2024, we have cash and cash equivalents of $3,111,000 and a net working capital deficit of approximately $2,053,000. We anticipate that we will record losses from operations for the foreseeable future. We believe that we have enough available cash to operate until February 28, 2025. As of September 30, 2024, our accumulated deficit was $138,736,000. We intend to seek additional cash via equity and debt offerings. As a result of not having at least twelve months of cash available and not having any firm commitment for debt or equity financing, substantial doubt about our ability to continue on a going concern exists.

We have financed our corporate operations and our technology development through the issuance of convertible debentures, the issuance of preferred stock, the sale of common stock and the exercise of warrants. During the remainder of 2024, we expect to raise additional funds through the issuance of preferred stock, convertible debentures or equity.

The proceeds of warrants currently outstanding, to the extent not exercised on a cashless basis, may generate potential proceeds. We cannot provide assurance that any of these warrants will be exercised.

As of September 30, 2024, we owed approximately $4,724,000 and if we do not satisfy these obligations, the lenders may have the right to demand payment in full or exercise other remedies.

We owe $4,724,000 under various convertible promissory notes as of September 30, 2024. We may need additional financing, to service and/or repay these debt obligations. If we raise additional capital through borrowing or other debt financing, we may incur substantial interest expense. If and when we raise more equity capital in the future, it will result in substantial dilution to our current stockholders.

We have a history of operating losses and there can be no assurance that we can achieve or maintain profitability.

We have experienced net losses since inception. As of September 30, 2024, we had an accumulated deficit of $138,736,000 and net losses in the amount of $16,582,000 and $15,289,000 for the years ended September 30, 2024 and 2023, respectively. There can be no assurance that we will achieve or maintain profitability. If we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Failure to become and remain profitable would impair our ability to sustain operations and adversely affect the price of our common stock and our ability to raise capital. Our operating expenses may increase as we spend resources on growing our business, and if our revenue does not correspondingly increase, our operating results and financial condition will suffer. Our businesses have produced minimal revenues and may not produce significant revenues in the near term, or at all, which would harm our ability to continue our operations or obtain additional financing and require us to reduce or discontinue our operations. You must consider our business and prospects in light of the risks and difficulties we will encounter as a business with an early-stage technology in a new and rapidly evolving industry. We may not be able to successfully address these risks and difficulties, which could significantly harm our business, operating results, financial condition and common stock price per share.

We may not be able to generate sufficient revenue from the commercialization of our technology and related products to achieve or sustain profitability.

We are in the early stages of commercializing our technology. Failure to develop and sell products based upon our technology could have a material adverse effect on our business, financial condition and results of operations. To date, we have not generated revenue from sales of our technology or products. We believe that our commercialization success is dependent upon our ability to significantly increase the number of customers that will use our products. In addition, demand for our products may not materialize, or increase as quickly as planned, and we may therefore be unable to increase our revenue levels as expected. We are currently not profitable. Even if we succeed in introducing our technology and related products to our target markets, we may not be able to generate sufficient revenue to achieve or sustain profitability.

We are subject to extensive regulation by the FDA, which could require us to take significant time and could cause us to incur significant costs.

Our KnowU glucose monitoring products are subject to extensive regulation by FDA. These regulations relate to manufacturing, labeling, sale, promotion, distribution and shipping. Before a new medical device, or a new intended use of a legally marketed device, can be marketed in the United States, it must be cleared or approved by FDA through the applicable premarket review process (510(k), PMA, or de novo classification), unless an exemption applies.

The KnowU and glucose monitoring products and substantially equivalent devices of this type that may later receive marketing authorization are similar to products referred to as integrated continuous glucose monitoring (CGM) systems. Integrated continuous glucose monitoring systems are generally classified by FDA as Class II devices and have established special controls outlining requirements for assuring CGM accuracy, reliability, and clinical relevance. FDA also has descriptions of the types of studies and data required to demonstrate acceptable CGM performance. Though it is our current belief that our initial product, the KnowU and glucose monitoring products, are appropriate for a de novo classification request (i.e., a route to market for novel medical devices that are low to moderate risk and are not substantially equivalent to a predicate device that is described in more detail below), we expect similar classification, special controls, and testing.

If we receive 510(k) clearance for our KnowU and glucose monitoring products, we may be required to obtain new 510(k) clearances for significant post-market modifications. Each premarket submission and review process can be expensive and lengthy, and entail significant user fees, unless exempt. The classification and special controls for all other products using our proprietary radio frequency and microwave spectroscopy platform will be dependent on product type and explored as applicable.

In addition, regulatory clearance or approval by FDA does not ensure registration, clearance, approval, or certification by regulatory authorities or notified bodies internationally. While the regulatory requirements for marketing in international markets may require that we obtain clearance, approval, or certification by an international specified regulatory body or notified body. Complying with foreign regulatory requirements, including obtaining registrations, clearances, approvals, or certifications, can be expensive and time consuming, and we may not receive regulatory clearances, approvals, or certifications in each country or region in which we plan to market our products or we may be unable to do so on a timely basis. In turn, this could limit our expected international growth and profitability, which could have a material adverse effect on our business, financial condition, and results of operations.

The clinical trial process is lengthy and expensive with uncertain outcomes. Results of earlier studies may not be predictive of future clinical trial results, or the safety or efficacy profile for such products.

Clinical trials are generally required to support an application for clearance of a new device type such as our KnowU and glucose monitoring products. All clinical trials must be conducted in accordance with FDA's Investigational Device Exemption (IDE) regulations, which govern investigational device labeling, prohibit promotion, and specify an array of Good Clinical Practice requirements, which include among other things, recordkeeping, reporting, and monitoring responsibilities of study sponsors and study investigators. Clinical trials must further comply with FDA's regulations for institutional review board approval and for informed consent and other human subject protections. Required records and reports are subject to inspection by FDA.

Results of clinical testing may be unfavorable or, even if +the intended safety and efficacy success criteria are achieved, may not be considered sufficient for FDA to grant approval or clearance of a product. In additional, the commencement or completion of any of our clinical trials may be delayed or halted for numerous reasons, including, but not limited to, the following:

- we may be required to submit an investigational device exemption application, or IDE, to FDA, which must become effective prior to commencing certain human clinical trials of medical devices, and FDA may reject our IDE and notify us that we may not begin clinical trials;
- the cost of clinical trials may be greater than we anticipate;
- FDA or other regulatory authorities do not approve a clinical trial protocol or a clinical trial, or place a clinical trial on hold;
- patients do not enroll in clinical trials at the rate we expect;
- patients do not comply with trial protocols;
- patient follow-up is not at the rate we expect;
- patients experience adverse side effects;
- patients die during a clinical trial, even though their death may not be related to our products;
- we may not reach agreement on acceptable terms with prospective contract research organizations (CROs), and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- institutional review boards and third-party clinical investigators may delay or reject our trial protocol;
- third- party clinical investigators decline to participate in a trial or do not perform a trial on our anticipated schedule or consistent with the clinical trial protocol, good clinical practices, or other FDA requirements;
- data collection, monitoring, and analysis is not performed in a timely or accurate manner or consistent with the clinical trial protocol or investigational or statistical plans;
- regulatory inspections of our clinical trials or manufacturing facilities, which may, among other things, require us to undertake corrective action or suspend or terminate our clinical trials;
- changes in governmental regulations or administrative actions applicable to our trial protocols, including, for example, recent legislation passed by Congress requiring clinical trial sponsors to increase engagement with FDA on matters related to appropriate representation of racial and ethnic minorities in clinical trial data for pivotal studies;
- the interim or final results of the clinical trial are inconclusive or unfavorable as to safety or effectiveness; and
- FDA concludes that the results from our trial and/or trial design are inadequate to demonstrate safety and effectiveness of the product.

Additionally, the ability of FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel, the availability of industry-paid user fees, and statutory, regulatory, and policy changes. Average review times for product approvals at FDA have fluctuated in recent years as a result. In addition, government funding of other government agencies on which our operations may rely, including those that fund research and development activities, is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at FDA and other agencies, including those resulting from global concerns (e.g., the ongoing COVID-19 global pandemic), may also slow the time necessary for new products to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, if a prolonged government shutdown and/or government employee furloughs were to occur, or if FDA's response to a global issue diverts FDA resources and attention to other regulatory efforts, then the ability of FDA to timely review and process our regulatory submissions could be significantly impacted, which could have a material adverse effect on our business, financial condition, and results of operations. Further, in our operations as a public company, future government shutdowns, furloughs, or public health emergencies could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

Any of these occurrences may significantly harm our business, financial condition, and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

Moreover, even if our products are cleared in the United States, commercialization of our products in foreign countries would require clearance or approval by regulatory authorities in those countries. Clearance or approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and greater than, those in the United States, including additional preclinical studies or clinical trials.

The safety and efficacy of our products is not yet supported by long-term clinical data, which could limit sales, and our products might therefore prove to be less safe or effective than initially thought.

Given the regulatory environment in which we operate, we lack the breadth of published long-term clinical data supporting the safety and efficacy of the KnowU and glucose monitoring products and the benefits it offers that might have been generated in connection with other marketing authorization pathways. For these reasons, clinicians may be slow to adopt our products, we may not have comparative data that our competitors have or are generating, and we may be subject to greater regulatory and product liability risks. Further, future patient studies or clinical experience may indicate that treatment with our product does not improve patient outcomes. Such results would slow the adoption of our product by physicians, would significantly reduce our ability to achieve expected sales, and could prevent us from achieving and maintaining profitability.

In addition, because the KnowU and glucose monitoring products have never been marketed, we have limited complaints or patient success rate data with respect to using these products. If future patient studies or clinical testing do not support our belief that our products offer a more advantageous blood glucose monitoring, then market acceptance of our products could fail to increase or could decrease, and our business could be harmed. Moreover, if future results and experience indicate that our product has potentially recurring malfunctions or causes unexpected or serious complications or other unforeseen negative effects, then we could be subject to mandatory or voluntary product recalls, suspension or withdrawal of FDA clearance, as well as significant legal liability or harm to our business reputation and financial results.

If we choose to, or are required to, conduct additional clinical studies and the outcome of such studies are not positive, then this could reduce the rate of coverage and reimbursement for the KnowU and glucose monitoring products. This may slow the market adoption of our product by physicians, significantly reduce our ability to achieve expected revenues and prevent us from becoming profitable.

We believe that publications of scientific and medical results in peer-reviewed journals and presentations at leading conferences are critical to the broad adoption of our products. Publication in leading medical journals is subject to a peer-review process, and peer reviewers may not consider the results of studies involving our products sufficiently novel or worthy of publication. The failure to be listed in physician guidelines or to be published in peer-reviewed journals could limit the adoption of our products. Unless specifically stated to be "peer-reviewed," the studies referred to in this filing are not peer reviewed.

We are subject to extensive regulation which could restrict the sales and marketing of our products and could cause us to incur significant costs.

Medical devices may be marketed only for the indications for which they are approved or cleared. Further, clearances can be revoked if safety or effectiveness problems develop once the device is on the market.

The current regulatory requirements to which we are subject may change in the future in a way that adversely affects us. If we fail to comply with present or future regulatory requirements that are applicable to us, we may be subject to enforcement action by FDA, which may include any of the following sanctions:

- modification to our training and promotional materials;
- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- customer notification, or orders for repair, replacement or refunds;
- voluntary or mandatory recall or seizure of our current or future products;
- administrative detention by FDA of medical devices believed to be adulterated or misbranded;
- imposing operating restrictions, suspension or shutdown of production;
- refusing our requests for clearance, PMA or de novo classification of any new products, new intended uses or modifications to our products;
- FDA refusal to issue certificates to foreign governments needed to export products for sale in other countries;
- withdraws or suspension of 510(k) clearance that has already been granted, resulting in prohibitions on sales of our products; and
- criminal prosecution.

The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations and could result in stockholders losing their entire investment.

Additionally, any relationships we may have with healthcare professionals, clinical investigators, and payors in connection with our current and future business activities may be subject to federal and state healthcare fraud and abuse laws, false claims laws, transparency laws, and health information privacy and security laws, which could expose us to, among other things, criminal sanctions, civil penalties, contractual damages, exclusion from governmental healthcare programs, reputational harm, administrative burdens, and diminished profits and future earnings.

Healthcare providers and payors play a primary role in the recommendation and/or prescription of any product candidates for which we obtain future marketing approval. Our current and future arrangements with healthcare professionals, clinical investigators, payors, and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell, and distribute our products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, receiving, or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act;
- the federal false claims and civil monetary penalties laws, including the civil False Claims Act, which can be enforced by private citizens through civil whistleblower or qui tam actions, prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease, or conceal an obligation to pay money to the federal government. The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, prohibits, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security, and transmission of individually identifiable health information;

- the federal Physician Payments Sunshine Act requires applicable manufacturers of covered drugs, devices, biologics, and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program, with specific exceptions, to annually report to Centers for Medicare & Medicaid Services (CMS) starting in 2022 information regarding payments and other transfers of value to physicians, certain other healthcare providers, and teaching hospitals, as well as information regarding ownership and investment interests held by physicians and their immediate family members. The information reported will be publicly available on a searchable website, with disclosure required annually; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers.

State and foreign laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. For instance, the collection and use of health data in the European Union is governed by the General Data Protection Regulation, or the GDPR, which extends the geographical scope of European Union data protection law to non-European Union entities under certain conditions, tightens existing European Union data protection principles, creates new obligations for companies and new rights for individuals. Failure to comply with the GDPR may result in substantial fines and other administrative penalties. In addition, the California Consumer Privacy Act, or CCPA, creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability, and similar laws have been proposed at the federal level and in other states.

Efforts to ensure that our current and future business arrangements with third parties will comply with applicable healthcare laws and regulations will involve on-going substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, then we may be subject to significant penalties, including civil, criminal, and administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, temporary or permanent debarment, contractual damages, reputational harm, diminished profits and future earnings, and the curtailment or restructuring of our operations. Defending against any such actions can be costly, time-consuming, and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired. Further, if any of the physicians or other healthcare providers or entities with whom we expect to do business are found not to be in compliance with applicable laws, then they may be subject to criminal, civil, or administrative sanctions, including exclusions from government funded healthcare programs.

A variety of risks associated with marketing our product candidates internationally could materially adversely affect our business.

We may seek regulatory approval of our product candidates outside of the U.S., and, accordingly, we expect that we will be subject to additional risks related to operating in foreign countries if we obtain the necessary approvals, including:

- differing regulatory requirements and reimbursement regimes in foreign countries;
- unexpected changes in tariffs, trade barriers, price and exchange controls, and other regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration, and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- difficulties staffing and managing foreign operations;
- workforce uncertainty in countries where labor unrest is more common than in the U.S.;
- potential liability under the Foreign Corrupt Practices Act (FCPA) or comparable foreign regulations;
- challenges enforcing our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the U.S.;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism.

These and other risks associated with our international operations may materially adversely affect our ability to attain or maintain profitable operations.

We may face difficulties with respect to coverage and reimbursement by various payors.

Sales of any medical device depend often, in part, on the extent to which the product will be covered and reimbursed by government payors (e.g., federal and state healthcare programs), third-party payors (e.g., commercial insurance and managed healthcare organizations), and other payors (e.g., foreign government healthcare programs). In the United States, various glucose monitoring products are covered for individuals with both Type 1 and Type 2 diabetes by Medicare and Medicaid in the majority of states and by commercial insurers, subject to satisfaction of certain eligibility and coverage criteria.

But significant uncertainty exists as to the coverage and reimbursement status of any newly approved product. For example, there is no assurance that a product will be considered medically reasonable and necessary for a specific indication, will be considered cost-effective by payors, that an adequate level of reimbursement will be established even if coverage is available, or that the payors' reimbursement policies will not adversely affect the ability for manufacturers to sell products profitably.

Decisions regarding the extent of coverage and reimbursement amount are generally made on a plan-by-plan basis meaning one payors' decision to cover a particular product does not ensure that other payors will also provide similar coverage. As a result, the coverage determination process can require manufactures to provide scientific and clinical support for the use of a product, and require providers to show medical necessity for use, to each payor separately. This process can be time-consuming, with no assurance that coverage and adequate reimbursement will be applied consistently or even obtained.

Payors are also increasingly reducing reimbursements for devices through continued implementation of cost-containment programs, including price controls and restrictions on coverage and reimbursement, which could further limit sales of any product. In addition, payors continue to question safety and efficacy while also challenging the prices charged, examining medical necessity and reviewing the cost effectiveness of devices in an effort to avoid coverage and reimbursement. But decreases of this nature surrounding the reimbursement for any product or a decision by a government and third-party payor not to cover a product could result in reduced physician usage and patient demand for the product.

Moreover, in international markets, reimbursement and healthcare payment systems vary significantly by country, with many countries have instituted price ceilings on specific products and therapies.

The discovery of serious safety issues with our products, or a recall of our products either voluntarily or at the direction of FDA or another governmental authority, could have a negative impact on us.

We are subject to FDA's medical device reporting regulations, which require us to report to FDA when we receive or become aware of information that reasonably suggests that one or more of our products may have caused or contributed to a death or serious injury or malfunctioned in a way that, if the malfunction were to recur, it could cause or contribute to a death or serious injury. The timing of our obligation to report is triggered by the date we become aware of the adverse event as well as the nature of the event.

We may fail to report adverse events of which we become aware within the prescribed timeframe. We may also fail to recognize that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the initial use of the device. If we fail to comply with our reporting obligations, FDA could take action, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, seizure of our products, or, if premarket review is required in the future, delay in clearance of future products.

FDA and foreign regulatory bodies have the authority to require the recall of commercialized medical device products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. FDA's authority to require a recall must be based on a finding that there is reasonable probability that the device could cause serious injury or death. We may also choose to voluntarily recall a product if any material deficiency is found. A government-mandated or voluntary recall by us could occur as a result of an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labeling or design deficiencies, packaging defects, or other deficiencies or failures to comply with applicable regulations. We cannot assure you that product defects or other errors will not occur in the future. Recalls involving our products could have a material adverse effect on our business, financial condition, and results of operations.

Moreover, medical device manufacturers are required to maintain certain records of recalls and corrections, even if they are not reportable to FDA. We may initiate voluntary withdrawals or corrections for our devices in the future that we determine do not require notification of FDA. If FDA disagrees with our determinations, then it could require us to report those actions as recalls and we may be subject to enforcement action. A future recall announcement could harm our reputation with customers, potentially lead to product liability and malpractice claims against us and negatively affect our sales.

We may face difficulties from changes to current regulations and future legislation, both in the U.S. as well as in other foreign jurisdictions where we may be operating.

Existing regulations and regulatory policies may change, and additional government regulations may be enacted that could prevent, limit, or delay regulatory approval of our product candidates. Legislative changes may impact our future business and operations, including those that may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for our product candidates, if approved, and accordingly, our business, financial condition, and results of operations.

Both before and after a product is commercially released, we have ongoing responsibilities under various laws and regulations. If a regulatory authority were to conclude that we are not in compliance with applicable laws or regulations, or that any of our products are ineffective or pose an unreasonable risk for the end-user, then the authority may ban such devices, detain or seize adulterated or misbranded devices, order a recall, repair, replacement, or refund of such instruments, and require us to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health. A regulatory authority may also impose operating restrictions, enjoin and restrain certain violations of applicable law pertaining to medical devices, and assess civil or criminal penalties against our officers, employees, or us. The regulatory authority may also recommend prosecution by law enforcement agencies. Any governmental law or regulation, existing or imposed in the future, or enforcement action taken may have a material adverse effect on our business, financial condition, and results of operations.

We cannot predict the likelihood, nature, or extent of any legislative changes will be enacted or government regulation that may arise from future legislation or administrative action, either in the U.S. or abroad. Similarly, we cannot predict whether FDA regulations, guidance, or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, then we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability.

Our industry is highly competitive and subject to significant or rapid technological change.

Our fields of therapeutic interest is highly competitive and subject to significant and rapid technological change. Accordingly, our success may depend, in part, on our ability to respond quickly to such change through the development and introduction of new products.

If our product candidates are approved by FDA, then potential competitors who seek to introduce similar product candidates may seek to take advantage of a shorter and less costly development program for a product that competes with our products. Our ability to compete successfully against currently existing and future alternatives to our product candidates and systems and competitors who compete directly with us may depend, in part, on our ability to attract and retain skilled scientific and research personnel, develop technologically superior products, develop competitively priced products, obtain patent or other required regulatory approvals for our products, be an early entrant to the market and manufacture, market, and sell our products, independently or through collaborations.

We currently rely upon external resources for many engineering and product development services. If we are unable to secure engineering or product development partners or establish satisfactory engineering and product development capabilities, we may not be able to successfully commercialize our technology.

Our success depends upon our ability to develop products that are accurate and provide solutions for our customers. Achieving the desired results for our customers requires solving engineering issues in concert with them. Any failure of our technology or related products to meet customer expectations could result in customers choosing to retain their existing methods or to adopt systems other than ours.

Historically, we have not had sufficient internal resources to work on all necessary engineering and product development matters. We have used third parties in the past and will continue to do so. These resources are not always readily available, and the absence of their availability could inhibit our research and development efforts and our responsiveness to our customers. Our inability to secure those resources could impact our ability to provide engineering and product development services and could have an impact on our customers' willingness to use our technology. Moreover, third parties have their own internal demands on time and resources which may not always align with ours. Hence, our own expectations for development and product timelines may not be shared by third parties upon whom we rely.

We are in the early stages of commercialization and our technology and related products may never achieve significant commercial market acceptance.

Our success depends on our ability to develop and market devices that are recognized as accurate, safe and cost-effective. They must be safe and deliver the required level of accuracy under any condition, regardless of the user, as determined by their intended use. This will be achieved through continued refinement of our technology. Before presenting it to the FDA, additional development is needed to increase its generalizability.

Many of our potential customers may be reluctant to use our new technology. Market acceptance will depend on many factors, including our ability to convince potential customers that our technology and related products are an attractive alternative to existing technologies. We will need to demonstrate that our products provide accurate and cost-effective alternatives to existing technologies. Compared to most competing technologies, our technology is new, and most potential customers will have limited knowledge of, or experience with, our products. Prior to implementing our technology and related products, some potential customers may be required to devote significant time and effort to testing and validating our products. Any failure of our technology or related products to meet customer expectations could result in customers choosing to retain their existing methods or to adopt systems other than ours.

Many factors influence the perception of a new technology including its use by leaders in the industry. If we are unable to induce industry leaders in our target markets to implement and use our technology and related products, acceptance and adoption of our products could be slowed. In addition, if our products fail to gain significant acceptance in the marketplace and we are unable to expand our customer base, we may never generate sufficient revenue to achieve or sustain profitability.

Additionally, we may not be able to penetrate or successfully operate in international markets or encounter difficulty expanding into international markets because of limited brand recognition in certain parts of the world, which may lead to delayed acceptance of our products by consumers in these international markets. If we are unable to expand internationally and manage the complexity of international operations successfully, then it could have a material adverse effect on our business, financial condition, and results of operations. If our efforts to introduce our products into foreign markets are not successful, then we may have expended significant resources without realizing the expected benefit. Ultimately, the investment required for expansion into foreign markets could exceed the results of operations generated from this expansion.

We are dependent on key personnel.

Our success depends to a significant degree upon the continued contributions of key management and other personnel, some of whom could be difficult to replace. While our continued operation and ultimate success is not dependent upon one individual, our success does depend on the performance of our officers, our ability to retain and motivate our officers, our ability to integrate new officers into our operations, and the ability of all personnel to work together effectively as a team. Our failure to retain and recruit officers and other key personnel could have a material adverse effect on our business, financial condition and results of operations. Our success also depends on our continued ability to identify, attract, hire, train, retain and motivate highly skilled technical, managerial, manufacturing, administrative and sales and marketing personnel. Competition for these individuals is intense, and we may not be able to successfully recruit, assimilate or retain sufficiently qualified personnel. In particular, we may encounter difficulties in recruiting and retaining a sufficient number of qualified technical personnel, which could harm our ability to develop new products and adversely impact our relationships with existing and future customers. The inability to attract and retain necessary technical, managerial, manufacturing, administrative and sales and marketing personnel could harm our ability to obtain new customers and develop new products and could adversely affect our business and operating results.

We rely on the timely supply of components and parts and could suffer if suppliers fail to meet their delivery obligations, raise prices or cease to supply us with components or parts.

The manufacture of our products is complex and requires the integration of a number of components from several sources of supply. We rely on numerous critical suppliers for various key components that are used in the manufacturing of our products. We can make no assurance that we will be able to maintain such supply arrangements. If we are unable to maintain supply arrangements, our access to key components could be reduced, which could harm our business.

Additionally, if demand for our products decreases, we may have excess inventory and inventory that may expire, which could result in inventory write-offs that would have a material adverse effect on our business, financial condition, and results of operations. We may also encounter defects in materials and/or workmanship, which could lead to a failure to adhere to regulatory requirements. Any defects could delay operations at our contract manufacturers' facilities, lead to regulatory fines, or halt or discontinue manufacturing indefinitely. Any of these outcomes could have a material adverse effect on our business, financial condition, and results of operations.

This reliance also adds additional risks to the manufacturing process that are beyond our control. For example, the occurrence of epidemics or pandemics may cause one or more of our suppliers to close or reduce the scope of their operations either temporarily or permanently. In addition, these suppliers may provide components and products to our competitors. The medical device industry's reliance on a limited number of key components and product suppliers subjects us to the risk that in the event of an increase in demand, our suppliers may fail to provide supplies to us in a timely manner while they continue to supply our competitors, many of which have greater purchasing power than us, or seek to supply components to us at a higher cost.

The failure of our suppliers to deliver components or products in a timely fashion could have disruptive effects on our ability to produce our products in a timely manner, or we may be required to find new suppliers at an increased cost.

Moreover, our reputation and the quality of our products are in part dependent on the quality of the components that we source from third-party suppliers. If we are unable to control the quality of the components supplied to us or to address known quality problems in a timely manner, then our reputation in the market may be damaged and sales of our products may suffer. As a result, we may experience a material adverse effect on our business, financial condition, and results of operations.

We have limited insurance which may not cover claims by third parties against us or our officers and directors.

We have directors' and officers' liability insurance and commercial liability insurance policies. Claims, however, by third parties against us may exceed policy amounts and we may not have amounts to cover these claims. Any significant claims would have a material adverse effect on our business, financial condition and results of operations. In addition, our limited directors' and officers' liability insurance may affect our ability to attract and retain directors and officers.

Our inability to effectively protect our intellectual property would adversely affect our ability to compete effectively, our revenue, our financial condition and our results of operations.

We rely on a combination of patent, trademark, and trade secret laws, and confidentiality procedures to protect our intellectual property rights. Creating and maintaining a strong patent portfolio is important to our business. Patent law relating to the scope of claims in the technology fields in which we operate is complex and uncertain, so we cannot be assured that we will be able to obtain or maintain patent rights, or that the patent rights we may obtain will be valuable, provide an effective barrier to competitors or otherwise provide competitive advantages. Others have filed, and in the future are likely to file, patent applications that are similar or identical to ours or those of our licensors. To determine the priority of inventions or demonstrate that we did not derive our invention from another, we may have to participate in interference or derivation proceedings in the United States Patent and Trademark Office or in court that could result in substantial costs in legal fees and could substantially affect the scope of our patent protection. We cannot be assured our patent applications will prevail over those filed by others. Also, our intellectual property rights may be subject to other challenges by third parties. Patents we obtain could be challenged in litigation or in administrative proceedings such as *ex parte* reexam, *inter parties* review, or post grant review in the United States or opposition proceedings in Europe or other jurisdictions.

There can be no assurance that:

- any of our existing patents will continue to be held valid, if challenged;
- patents will be issued for any of our pending applications;
- any claims allowed from existing or pending patents will have sufficient scope or strength to protect us;
- our patents will be issued in the primary countries where our products are sold in order to protect our rights
- and potential commercial advantage; or
- any of our products or technologies will not infringe on the patents of other companies.

If we are prevented from selling our products, or if we are required to develop new technologies or pay significant monetary damages or are required to make substantial royalty payments, our business and results of operations would be harmed.

Obtaining and maintaining a patent portfolio entails significant expense and resources. Part of the expense includes periodic maintenance fees, renewal fees, annuity fees, various other governmental fees on patents and/or applications due in several stages over the lifetime of patents and/or applications, as well as the cost associated with complying with numerous procedural provisions during the patent application process. We may or may not choose to pursue or maintain protection for particular inventions. In addition, there are situations in which failure to make certain payments or noncompliance with certain requirements in the patent process can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If we choose to forgo patent protection or allow a patent application or patent to lapse purposefully or inadvertently, our competitive position could suffer.

Legal actions to enforce our patent rights can be expensive and may involve the diversion of significant management time. In addition, these legal actions could be unsuccessful and could also result in the invalidation of our patents or a finding that they are unenforceable. We may or may not choose to pursue litigation or interferences against those that have infringed on our patents, or used them without authorization, due to the associated expense and time commitment of monitoring these activities. If we fail to protect or to enforce our intellectual property rights successfully, our competitive position could suffer, which could have a material adverse effect on our results of operations and business.

Claims by others that our products infringe their patents or other intellectual property rights could prevent us from manufacturing and selling some of our products or require us to pay royalties or incur substantial costs from litigation or development of non-infringing technology.

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. We may receive notices that claim we have infringed upon the intellectual property of others. Even if these claims are not valid, they could subject us to significant costs. Any such claims, with or without merit, could be time-consuming to defend, result in costly litigation, divert our attention and resources, cause product shipment delays or require us to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on terms acceptable to us or at all. We have not been engaged in litigation but litigation may be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation may also be necessary to defend against claims of infringement or invalidity by others. A successful claim of intellectual property infringement against us and our failure or inability to license the infringed technology or develop or license technology with comparable functionality could have a material adverse effect on our business, financial condition and operating results.

The analysis of our patent portfolio by PatSnap Research and ipCapital Group is not a legal analysis and does not predict the outcome of any legal challenges we or others might make in regard to patents, nor does it constitute a view on the overall legal strength of our patents.

If we are unable to secure a sales and marketing partner or establish satisfactory sales and marketing capabilities at our company, we may not be able to successfully commercialize our technology.

If we are not successful entering into appropriate collaboration arrangements or recruiting sales and marketing personnel or in building a sales and marketing infrastructure, we will have difficulty successfully commercializing our technology, which would adversely affect our business, operating results and financial condition.

We may not be able to enter into collaboration agreements on terms acceptable to us or at all. In addition, even if we enter into such relationships, we may have limited or no control over the sales, marketing and distribution activities of these third parties. Our future revenues may depend heavily on the success of the efforts of these third parties. If we elect to establish a sales and marketing infrastructure, we may not realize a positive return on this investment. In addition, we must compete with established and well-funded pharmaceutical and biotechnology companies to recruit, hire, train and retain sales and marketing personnel. Factors that may inhibit our efforts to commercialize technology without strategic partners or licensees include:

- our inability to recruit and retain adequate numbers of effective sales and marketing personnel;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive
- disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

We may engage in acquisitions, mergers, strategic alliances, joint ventures and divestures that could result in final results that are different than expected.

In the normal course of business, we engage in discussions relating to possible acquisitions, equity investments, mergers, strategic alliances, joint ventures and divestitures. Such transactions are accompanied by a number of risks, including the use of significant amounts of cash, potentially dilutive issuances of equity securities, incurrence of debt on potentially unfavorable terms as well as impairment expenses related to goodwill and amortization expenses related to other intangible assets, the possibility that we may pay too much cash or issue too many of our shares as the purchase price for an acquisition relative to the economic benefits that we ultimately derive from such acquisition, and various potential difficulties involved in integrating acquired businesses into our operations.

From time to time, we have also engaged in discussions with candidates regarding the potential acquisitions of our product lines, technologies and businesses. If a divestiture such as this does occur, we cannot be certain that our business, operating results and financial condition will not be materially and adversely affected. A successful divestiture depends on various factors, including our ability to effectively transfer liabilities, contracts, facilities and employees to any purchaser; identify and separate the intellectual property to be divested from the intellectual property that we wish to retain; reduce fixed costs previously associated with the divested assets or business; and collect the proceeds from any divestitures.

If we do not realize the expected benefits of any acquisition or divestiture transaction, our financial position, results of operations, cash flows and stock price could be negatively impacted.

We may make strategic acquisitions in the future, and if the acquired companies do not perform as expected, this could adversely affect our operating results, financial condition and existing business.

We may continue to expand our business through strategic acquisitions. The success of any acquisition will depend on, among other things:

- the availability of suitable candidates;
- higher than anticipated acquisition costs and expenses;
- competition from other companies for the purchase of available candidates;
- our ability to value those candidates accurately and negotiate favorable terms for those acquisitions;
- the availability of funds to finance acquisitions and obtaining any consents necessary under our credit facility;
- the ability to establish new informational, operational and financial systems to meet the needs of our business;
- the ability to achieve anticipated synergies, including with respect to complementary products or services; and
- the availability of management resources to oversee the integration and operation of the acquired businesses.

We may not be successful in effectively integrating acquired businesses and completing acquisitions in the future. We also may incur substantial expenses and devote significant management time and resources in seeking to complete acquisitions. Acquired businesses may fail to meet our performance expectations. If we do not achieve the anticipated benefits of an acquisition as rapidly as expected, or at all, investors or analysts may not perceive the same benefits of the acquisition as we do. If these risks materialize, our stock price could be materially adversely affected.

Government regulatory approval may be necessary before some of our products can be sold and there is no assurance such approval will be granted.

Our technology will have a number of potential applications in fields of use that will require prior governmental regulatory approval before the technology can be introduced to the marketplace. For example, we are exploring the use of our technology for certain medical diagnostic applications, with an initial focus on the monitoring of blood glucose. There is no assurance that we will be successful in developing glucose monitoring medical applications for our technology. If we were to be successful in developing glucose monitoring medical applications of our technology, prior clearance by FDA and other governmental regulatory bodies will be required before the technology could be introduced into the marketplace. Our devices leverage machine learning and artificial intelligence to process the massive data collected through the Bio-RFID sensor. Our intelligence and machine learning also controls the sensor operation, enabling the device to emit and capture data, and, ultimately, to identify and measure blood glucose levels. Machine learning enabled device software functions (ML-DSF) continue to be evaluated by FDA, which recently released new guidance proposing a science-based approach for machine learning and artificial intelligence enabled medical devices to be modified and improved more quickly. There is no assurance that such regulatory approval would be obtained for a glucose monitoring medical diagnostic device or other applications requiring such approval. FDA can refuse to grant, delay, and limit or deny approval of an application for clearance of marketing a glucose monitoring device for many reasons. We may not obtain the necessary regulatory approvals or clearances to market these glucose monitoring systems in the United States or outside of the United States. Any delay in, or failure to receive or maintain, approval or clearance for our products could prevent us from generating revenue from these products or achieving profitability.

We or our manufacturers may be unable to obtain or maintain international regulatory clearances or approvals for our current or future products, or our distributors may be unable to obtain necessary qualifications, which could harm our business thus limited sales to the U.S.

Sales of our products internationally are subject to foreign regulatory requirements that vary widely from country to country. In addition, FDA regulates exports of medical devices from the U.S. Complying with international regulatory requirements can be an expensive and time-consuming process, and marketing approval or clearance is not certain. The time required to obtain clearances or approvals, if required by other countries, may be longer than that required for FDA clearance or approvals, and requirements for such clearances or approvals may significantly differ from FDA requirements. We may rely on third-party distributors to obtain regulatory clearances and approvals required in other countries, and these distributors may be unable to obtain or maintain such clearances or approvals. Our distributors may also incur significant costs in attempting to obtain and in maintaining foreign regulatory approvals or clearances, which could increase the difficulty of attracting and retaining qualified distributors. If our distributors experience delays in receiving necessary qualifications, clearances or approvals to market our products outside the U.S., or if they fail to receive those qualifications, clearances or approvals, then we may be unable to market our products or enhancements in international markets effectively, or at all.

Foreign governmental authorities that regulate the manufacture and sale of medical devices have become increasingly stringent and, to the extent we market and sell our products outside of the U.S., we may be subject to rigorous international regulation in the future. In these circumstances, we would be required to rely on our foreign independent distributors to comply with the varying regulations, and any failures on their part could result in restrictions on the sale of our product in foreign countries.

Cybersecurity risks and cyber incidents could result in the compromise of confidential data or critical data systems and give rise to potential harm to customers, remediation and other expenses, expose us to liability under consumer protection laws, or other common law theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business and operations.

Cyber incidents can result from deliberate attacks or unintentional events. We collect and store on our networks sensitive information, including intellectual property, proprietary business information and personally identifiable information of our customers. The secure maintenance of this information and technology is critical to our business operations. We have implemented multiple layers of security measures to protect the confidentiality, integrity and availability of this data and the systems and devices that store and transmit such data. We utilize current security technologies, and our defenses are monitored and routinely tested internally and by external parties. Despite these efforts, threats from malicious persons and groups, new vulnerabilities and advanced new attacks against information systems create risk of cybersecurity incidents. These incidents can include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these incidents or techniques, timely discover them, or implement adequate preventative measures.

These threats can come from a variety of sources, ranging in sophistication from an individual hacker to malfeasance by employees, consultants or other service providers to state-sponsored attacks. Cyber threats may be generic, or they may be custom crafted against our information systems. Over the past several years, cyber-attacks have become more prevalent and much harder to detect and defend against. Our network and storage applications may be vulnerable to cyber-attack, malicious intrusion, malfeasance, loss of data privacy or other significant disruption and may be subject to unauthorized access by hackers, employees, consultants or other service providers. In addition, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deceiving our employees, contractors and temporary staff.

There can be no assurance that we will not be subject to cybersecurity incidents that bypass our security measures, impact the integrity, availability or privacy of personal health information or other data subject to privacy laws or disrupt our information systems, devices or business, including our ability to deliver services to our customers. As a result, cybersecurity, physical security and the continued development and enhancement of our controls, processes and practices designed to protect our enterprise, information systems and data from attack, damage or unauthorized access remain a priority for us. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any cybersecurity vulnerabilities.

Additionally, the U.S. may institute additional cybersecurity requirements especially for medical devices. For example, the data security requirements in the Food and Drug Omnibus Reform Act ("FDORA"), enacted in December 2022, that among other provisions, requires developers of certain "cyber devices" to design and implement plans to monitor, identify and address cybersecurity vulnerabilities of those devices and to submit those plans to FDA as part of every new 510(k) or PMA for a cyber device. "Cyber devices" are defined as devices that include software, connect to the internet, and contain any technological features that could be vulnerable to cybersecurity threats. This provision entered into effect on March 29, 2023, and FDA has indicated that it expects sponsors of cyber devices to begin to comply with these requirements as of October 1, 2023. FDA has stated that failure to comply with these requirements will result in FDA denying approval of the cyber device application.

We are subject to corporate governance and internal control requirements, and our costs related to compliance with, or our failure to comply with existing and future requirements could adversely affect our business.

We must comply with corporate governance requirements under the Sarbanes-Oxley Act of 2002 and the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010, as well as additional rules and regulations currently in place and that may be subsequently adopted by the Securities and Exchange Commission, or the SEC, and the Public Company Accounting Oversight Board. These laws, rules, and regulations continue to evolve and may become increasingly stringent in the future. The financial cost of compliance with these laws, rules, and regulations is expected to remain substantial.

We cannot assure you that we will be able to fully comply with these laws, rules, and regulations that address corporate governance, internal control reporting, and similar matters in the future. Failure to comply with these laws, rules and regulations could materially adversely affect our reputation, financial condition, and the value of our securities.

Risks Related to Ownership of Our Common Stock

If we are unable to comply with the continued listing requirements of the NYSE American, then our common stock would be delisted from the NYSE American, which would limit investors' ability to effect transactions in our common stock and subject us to additional trading restrictions.

Our common stock is currently listed on the NYSE American and the continued listing of our common stock on the NYSE American is contingent on our continued compliance with a number of listing requirements. If we are unable to comply with the continued listing requirements of the NYSE American, our common stock would be delisted from the NYSE American, which would limit investors' ability to effect transactions in our common stock subject us to additional trading restrictions. In order to maintain our listing, we must maintain certain share prices, financial and share distribution targets, including maintaining a minimum amount of stockholders' equity and a minimum number of public stockholders, as well as satisfy other listing requirements of the NYSE American. In addition to these objective standards, NYSE American may delist the securities of any issuer for other reasons involving the judgment of NYSE American.

On September 27, 2024, we received a notification from the NYSE American LLC (the "NYSE American") stating that our company is not in compliance with the minimum stockholders' equity requirements of Sections 1003(a)(i), 1003(a)(ii) and 1003(a)(iii) of the NYSE American Company Guide (the "Company Guide") requiring stockholders' equity of $2.0 million or more if our company has reported losses from continuing operations and/or net losses in two of its three most recent fiscal years, $4.0 million or more if our company has reported losses from continuing operations and/or net losses in three of the four most recent fiscal years and $6.0 million or more if our company has reported losses from continuing operations and/or net losses in its five most recent fiscal years, respectively. As of June 30, 2024, we had stockholders' deficit of $4.6 million and we have had losses in the most recent five fiscal years ended September 30, 2023.

We are now subject to the procedures and requirements of Section 1009 of the Company Guide. On October 27, 2024, we submitted a plan (the "Plan") of actions it has taken or will take to regain compliance with the continued listing standards by March 27, 2026. If the NYSE American accepts the Plan, we will be able to continue its listing during the Plan period and will be subject to periodic reviews including quarterly monitoring for compliance with the Plan until it has regained compliance. If the Plan is not accepted by the NYSE American, delisting proceedings will commence. We may appeal a staff delisting determination in accordance with Section 1010 and Part 12 of the Company Guide.

There is no assurance that we will be able to maintain compliance with the NYSE American continued listing rules and/or continue its listing on the NYSE American in the future.

If the NYSE American delists our common stock from trading on its exchange and we are not able to list our securities on another national securities exchange, we expect the common stock would qualify to be quoted on an over-the-counter market. If this were to occur, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- substantially impair our ability to raise additional funds;
- result in a loss of institutional investor interest and a decreased ability to issue additional securities or obtain additional financing in the future;
- a determination that our common stock is a "penny stock," which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and
- potential breaches of representations or covenants of our agreements pursuant to which we made representations or covenants relating to our compliance with applicable listing requirements, which, regardless of merit, could result in costly litigation, significant liabilities and diversion of our management's time and attention and could have a material adverse effect on our financial condition, business and results of operations.

The price of our common stock is volatile, which may cause investment losses for our stockholders.

The market price of our common stock has been and is likely in the future to be volatile. Our common stock price may fluctuate in response to factors such as:

- Announcements by us regarding liquidity, significant acquisitions, equity investments and divestitures, strategic relationships, addition or loss of significant customers and contracts, capital expenditure commitments and litigation;
- Issuance of convertible or equity securities and related warrants for general or merger and acquisition purposes;
- Issuance or repayment of debt, accounts payable or convertible debt for general or merger and acquisition purposes;
- Sale of a significant number of shares of our common stock by stockholders;
- General market and economic conditions;
- Quarterly variations in our operating results;
- Investor and public relation activities;
- Announcements of technological innovations;
- New product introductions by us or our competitors;
- Competitive activities;
- Low liquidity; and
- Additions or departures of key personnel.

These broad market and industry factors may have a material adverse effect on the market price of our common stock, regardless of our actual operating performance. These factors could have a material adverse effect on our business, financial condition, and results of operations.

The sale of a significant number of our shares of common stock could depress the price of our common stock.

As of September 30, 2024, we had 108,097,936 shares of common stock issued and outstanding. As of September 30, 2024, there were options outstanding for the purchase of 27,506,731 shares of our common stock (including unearned stock option grants totaling 3,869,825 shares related to performance targets), warrants for the purchase of 49,341,861 shares of our common stock, 8,108,356 shares of our common stock issuable, collectively, upon the conversion of our Series C and D Convertible Preferred Stock, and approximately 480,436 shares of our common stock, collectively, reserved to pay accrued dividends on our Series C and Series D Convertible Preferred Stock. In addition, we currently have 9,020,264 shares of our common stock are issuable upon conversion of convertible debentures of $2,761,931 and 3,840,000 shares of our common stock are issuable upon conversion of convertible debentures of $1,961,575. Further, under the current terms of our Series C and D Convertible Preferred Stock, and assuming no changes in the ownership thereof, going forward on a quarterly basis we will accrete as a preferred dividend the value of approximately 160,000 shares of common stock, which are issuable if such dividends become payable as additional shares of preferred stock, and such preferred stock is then converted into common stock. We have the option to repay Lind in cash or common stock. Should we make our monthly payments in common stock, there may be a price adjustment. All of the foregoing shares could potentially dilute future earnings per share and are excluded from the September 30, 2024, calculation of diluted net loss per share because their impact is antidilutive.

Significant shares of common stock are held by our principal stockholders, other company insiders and other large stockholders. As “affiliates,” as defined under Rule 144 under the Securities Act, our principal stockholders, other of our insiders and other large stockholders may only sell their shares of common stock in the public market pursuant to an effective registration statement or in compliance with Rule 144.

These options, warrants, convertible notes payable and convertible preferred stock could result in further dilution to common stockholders and may affect the market price of the common stock.

Future capital raises or other issuances of equity or debt securities may dilute our existing stockholders’ ownership and/or have other adverse effects on our operations.

Pursuant to our articles of incorporation, we are authorized to issue 300,000,000 shares of common stock. To the extent that common stock is available for issuance, subject to compliance with applicable stock exchange listing rules, our board of directors has the ability to issue additional shares of common stock in the future for such consideration as the board of directors may consider sufficient. The issuance of any additional shares could, among other things, result in substantial dilution of the percentage ownership of our stockholders at the time of issuance, result in substantial dilution of our earnings per share and adversely affect the prevailing market price for our common stock.

Pursuant to our articles of incorporation, we are also authorized to issue 5,000,000 shares of blank check preferred stock of which 30,000 shares have been designated as our Series C Convertible Preferred Stock and 20,000 shares have been designated as our Series D Convertible Preferred Stock. Such preferred stock is senior to our common stock in terms of dividend priority and liquidation preference. Any preferred stock that we issue in the future may rank ahead of our common stock in terms of dividend priority or liquidation preference and may have greater voting rights than our common stock. In addition, such preferred stock may contain provisions allowing those shares to be converted into shares of common stock, which could dilute the value of our common stock to current stockholders and could adversely affect the market price, if any, of our common stock. In addition, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of our company. Although we have no present intention to designate or issue any shares of our authorized blank check preferred stock, there can be no assurance that we will not do so in the future.

As a result of the modifications of our Series C and D Convertible Preferred Stock (see *Description of Securities—Preferred Stock*), assuming no changes in the amount of outstanding Series C Convertible Preferred Stock or Series D Convertible Preferred Stock ownership, going forward on a quarterly basis we will accrete as a preferred dividend the value of approximately 160,000 shares of common stock. Future accreted dividends will be settled by issuing additional shares of preferred stock which can then be converted to common stock.

In the future, we may also attempt to increase our capital resources by offering debt securities. These debt securities would have rights senior to those of our common stock and the terms of the debt securities issued could impose significant restrictions on our operations, including liens on our assets.

Because our decision to issue securities or incur debt in our future offerings will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings and debt financing. Further, market conditions could require us to accept less favorable terms for the issuance of our securities in the future. Thus, you will bear the risk of our future offerings reducing the value of your shares and diluting your interest in us.

The exercise prices of certain warrants, and the conversion prices of our outstanding convertible notes payable and our preferred stock may require further adjustment.

If in the future, if we sell our common stock at a price below $0.25 per share, the conversion price of (i) the outstanding shares of Series C and D Convertible Preferred Stock; (ii) promissory notes convertible into 9,020,264 shares of our common stock; and (iii) warrants to purchase 7,634,381 shares of common stock would adjust below $0.25 per share. We have the option to repay Lind in cash or common stock. Should we make our monthly payments in common stock, there may be a price adjustment.

If our company were to dissolve or wind-down operations, holders of our common stock would not receive a liquidation distribution.

If we were to wind up or dissolve our company and liquidate and distribute our assets, our common stockholders would share in our assets only after we satisfy any amounts we owe to our creditors and preferred equity holders. If our liquidation or dissolution were attributable to our inability to profitably operate our business, then it is likely that we would have material liabilities at the time of liquidation or dissolution. Accordingly, it is very unlikely that sufficient assets will remain available after the payment of our creditors and preferred equity holders to enable common stockholders to receive any liquidation distribution with respect to any common stock.

Provisions of the warrants could discourage an acquisition of us by a third party.

Certain provisions of our outstanding warrants could make it more difficult or expensive for a third party to acquire us. The warrants prohibit us from engaging in certain transactions constituting “fundamental transactions” unless, among other things, the surviving entity assumes our obligations under the warrants. These and other provisions of our outstanding warrants could prevent or deter a third party from acquiring us even where the acquisition could be beneficial to you.

We do not anticipate paying any cash dividends on our capital stock in the foreseeable future.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business, and we do not anticipate paying any cash dividends on our capital stock in the foreseeable future. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 1C. CYBERSECURITY

Our cybersecurity and risk management program is intended to protect the confidentiality, integrity, and availability of our critical information systems and the data resident on them. Due to the nature of our business and our customers, we face cybersecurity challenges and threats, including attempts to gain unauthorized access to our intellectual property, trade secrets, codebase, proprietary or confidential information, denial-of-service attacks, attacks from foreign nations, as well as threats to our identity and personnel. We have designed our IT systems and processes with the intention that our solutions should defend against the ever-evolving threat landscape while remaining agile to keep up with such threats.

We leverage a combination of cyber security frameworks to protect its assets. We use the controls from these frameworks as well as guidelines and best practices from the industry to develop our cybersecurity plan. Our cybersecurity plan and its elements are reviewed regularly to ensure they meet the requirements and expectations of our security needs. We have an information security policy in place, which includes monthly meetings with outside cybersecurity experts to review and maintain the procedures up to current standards.

Our cybersecurity program is spearheaded by its software department, with support from external advisors and approval from executive management. The stakeholders have been identified and know their roles within the cyber security process as well as having all roles be documented.

The Audit Committee of the Board of Directors performs an annual review of our cybersecurity program, including management's actions to identify and detect threats. The Board receives periodic reports and annual updates on our crisis management plan which includes cybersecurity. Both the Chief Science Officer and the Chief Financial Officer share responsibility for our program and solicit support of third party experts as necessary.

Risk is assessed based on multiple factors. First, our IT and administrative team updates and maintains our asset inventory to ensure all assets are included in our risk management process. From there, key assets are identified, and risk is assessed based on business impact, availability of information, and attack feasibility. After the risks have been identified, they are reviewed with the stakeholders for action plans or sign-off on the acceptance of risk.

We leverage third party applications and software to help identify vulnerabilities within our system's boundaries. These vulnerability lists are used to create remediation plans and are prioritized based on severity and attack feasibility.

An incident response plan has been established which provides detailed information on actions to take in the event of an incident. The incident response plan includes the scope of the plan, establishes the incident response team, details the incident response lifecycle, and provides templates to make the process easier to document and follow. Timelines, communication methods, and notification information are included in the plan to ensure the process can be followed in high pressure situations which can occur during incidents.

Sensitive and confidential data is a part of business. We leverage an encryption and signing policy that identifies the type of information we store and what level of encryption and signing is required for the data. This document also details the overarching requirements for encryption such as allowed cyphers, encryption methods, and key storage.

We have had one cybersecurity incident in the last decade. A company-issued computer was reported stolen from an employee's residence. This incident represented a potential cybersecurity threat, as the device contained sensitive company information, including access credentials, confidential data, and proprietary software. The threat was quickly identified and isolated before significant damage could be done. This incident did not affect business operations and did not have a financial impact on our company. Our cybersecurity experts promptly locked the device, changed all relevant passwords and access credentials, initiated a remote wipe, and notified relevant teams and law enforcement, everything according to its info security plan. No proprietary information was lost.

ITEM 2. PROPERTIES.

Properties and Operating Leases

On March 2, 2024, we signed a lease on executive and research and testing facilities at 619 Western Avenue, Suite 610, Seattle, Washington 98104. We leased 5,996 square feet and the current net monthly payment is $11,492 and increases at 3% annually after year one. The lease commenced on May 1, 2024 and terminates on July 31, 2027.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock began trading on NYSE American under the symbol "KNW" on September 16, 2022.

Number of Holders of our Common Shares

As of September 30, 2024, there were 108,097,936 shares of common stock issued and outstanding, held by 181 stockholders of record. This number does not include approximately 5,000 beneficial owners whose shares are held in the names of various security brokers, dealers and registered clearing agencies.

Dividend Policy

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any cash dividends on our common stock in the near future. We may also enter into credit agreements or other borrowing arrangements in the future that will restrict our ability to declare or pay cash dividends on our common stock. Any future determination to declare dividends will be made at the discretion of our board of directors subject to limitations under applicable law (including Nevada Revised Statutes 78.288) and will depend on our financial condition, operating results, capital requirements, contractual restrictions, general business conditions and other factors that our board of directors may deem relevant. See also Item 1A "*Risk Factors—Risks Related Ownership of Our Common Stock— We do not anticipate paying any cash dividends on our capital stock in the foreseeable future*."

Our Series C and D Convertible Preferred Stock do not accrue or pay cash dividends. All future dividends will be accrued and paid in Series C or D Convertible Preferred Stock, as applicable. See "*Description of Securities—Preferred Stock*."

Securities Authorized for Issuance under Equity Compensation Plans

See Item 12 "*Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*."

Recent Sales of Unregistered Securities

During the three months ended September 30, 2024, we had no sales of unregistered equity securities.

Purchases of equity securities by the issuer and affiliated purchasers

None.

Description of Securities

The following description summarizes certain terms of our capital stock. Because this is a summary description, it does not contain all of the information that may be important to you. This summary does not purport to be complete and is qualified in its entirety by the provisions of our articles of incorporation as amended, restated and supplemented to date, or our articles of incorporation, and our second amended and restated bylaws, or our bylaws, as well as the applicable provisions of the Nevada Revised Statutes.

The following description summarizes important terms of the classes of our capital stock as of September 30, 2024.

Authorized Capital Stock

Our authorized capital stock currently consists of:

- 300,000,000 shares of common stock, par value $0.001 per share; and
- 5,000,000 shares of "blank check" preferred stock, par value $0.001 per share, of which:
- 30,000 shares have been designated as our Series C Convertible Preferred Stock, $0.001 par value per share; and
- 20,000 shares have been designated as our Series D Convertible Preferred Stock, $0.001 par value per share.

Outstanding Shares of Capital Stock

Our common stock is our only security registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended. All outstanding shares of our capital stock are fully paid and nonassessable. As of September 30, 2024, there were:

- 108,097,936 shares of common stock issued and outstanding, held by held by 181 stockholders of record. This number does not include approximately 5,000 beneficial owners whose shares are held in the names of various security brokers, dealers and registered clearing agencies.
- 17,858 shares of Series C Convertible Preferred Stock issued and outstanding, held by one holder of record; and
- 10,161 shares of Series D Convertible Preferred Stock issued and outstanding, held by one holder of record.

Common Stock

We currently have authority to issue up to 300,000,000 shares of common stock, $0.001 par value per share. As of September 30, 2024, we had 108,097,936, shares of common stock outstanding. From time to time we may amend our certificate of incorporation to increase the number of authorized shares of common stock. Any such amendment would require the approval of the holders of a majority of the voting power of the shares entitled to vote thereon.

Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders, including the election of directors, and are entitled to receive dividends when and as declared by our Board out of funds legally available therefore for distribution to stockholders and to share ratably in the assets legally available for distribution to stockholders in the event of the liquidation or dissolution, whether voluntary or involuntary, of our company. We have not paid any dividends and do not anticipate paying any dividends on our common stock in the foreseeable future. It is our present policy to retain earnings, if any, for use in the development of our business. Our common stockholders do not have cumulative voting rights in the election of directors and have No preemptive, subscription, or conversion rights. Our common stock is subject to redemption by us.

Securities Subject to Price Adjustments

If in the future, if we sell our common stock at a price below $0.25 per share, the conversion price of (i) the outstanding shares of Series C and D Convertible Preferred Stock; (ii) promissory notes convertible into 9,020,264 shares of our common stock; and (iii) warrants to purchase 7,634,381 shares of common stock would adjust below $0.25 per share. We have the option to repay Lind in cash or common stock. Should we make our monthly payments in common stock, there may be a price adjustment.

Series C and D Convertible Preferred Stock, Warrants and Dividends

In 2016, we closed a Series C Convertible Preferred Stock and Warrant Purchase Agreement with Clayton A. Struve, an accredited investor for the purchase of $1,250,000 of preferred stock with a conversion price of $0.70 per share. The preferred stock has a cumulative dividend of 8% and an ownership blocker of 4.99%. Dividends are due and payable in cash when declared or when the stock is converted. Series C Convertible Preferred Stock is senior to Series D Convertible Preferred Stock and is entitled to receive equal dividends paid to Series D Convertible Preferred Stock. In addition, Mr. Struve received a five-year warrant to acquire 1,785,714 shares of common stock at $0.70 per share. On August 14, 2017, the price of the Series C Convertible Preferred Stock and warrant and its conversion price, were adjusted to $0.25 per share pursuant to the documents governing such instruments. As of September 30, 2024, Mr. Struve owns all of the 17,858 issued and outstanding shares of Series C Convertible Preferred Stock. Each holder of Series C Convertible Preferred Stock is allowed to vote as a common shareholder as if the shares were converted to common stock up to the ownership blocker of 4.99%.

In 2017, we closed a $750,000 Series D Convertible Preferred Stock and Warrant offering with Mr. Struve. As of March 31, 2024, Mr. Struve owns all of the 10,161 issued and outstanding shares of Series D Convertible Preferred Stock. Each outstanding share of Series D Convertible Preferred Stock will accrue cumulative cash dividends at a rate equal to 8.0% per annum, subject to adjustment as provided in the Series D Convertible Preferred Stock certificate of designations. Dividends are due and payable in cash when declared or when the stock is converted. In addition, On August 14, 2017, the price of the Series D Convertible Preferred Stock were adjusted to $0.25 per share pursuant to the documents governing such instruments. Each holder of Series D Convertible Preferred Stock is allowed to vote as a common shareholder as if the shares were converted to common stock up to the ownership blocker of 4.99%.

Based upon the modified terms and conditions of our Series C and Series D Convertible Preferred Stock certificates of designations dated August 10, 2023, it was determined that Series C and Series D Convertible Preferred Stock dividends need to be accreted going forward. As of September 30, 2024, we have recorded $121,000 in cumulative deemed dividends related to Series C and D Convertible Preferred Stock which have not been paid, net of (i) $350,696 of accumulated dividends with respect to the Series D Convertible Preferred Stock that were settled for 1,402,784 shares of common stock on June 28, 2023 and (ii) $800,384 of accumulated dividends with respect to the Series C and D Convertible Preferred Stock that were settled for 3,201,534 shares of common stock on June 18, 2024. Mr. Struve is subject to an ownership blocker limiting his ownership to 4.99% of our outstanding shares of common stock and thus the number of common shares he can receive for dividends. Unpaid accreted stock dividends will be issued to Mr. Struve if he converts preferred stock or if the Board declares a dividend thereon, limited to his 4.99% ownership blocker. Assuming no changes in the amount of outstanding Series C and Series D Convertible Preferred Stock ownership, going forward on a quarterly basis we will accrete as a preferred dividend the value of approximately 160,000 shares of common stock, which are issuable if such dividends become payable as additional shares of preferred stock, and such preferred stock is then converted into common stock.

Equity Incentive Plan

There are 27,506,731 (including unearned stock option grants totaling 3,869,825 shares related to performance milestones) options to purchase common stock at an average exercise price of $0.81 per share outstanding as of September 30, 2024 under the 2021 Plan. The expiration dates of these stock options range from now to September 11, 2029.

Warrants to Purchase Common Stock

As of September 30, 2024, we have issued warrants for the purchase of 49,341,861 shares of common stock at a weighted average exercise price of $0.66. The expiration dates of these warrants range from February 28, 2025 to August 13, 2029.

Clayton A. Struve has warrants to purchase 6,269,715 shares of common stock that have a beneficial ownership blocker at 4.99%.

Lind Global Fund II LP has warrants to purchase up to 6,000,000 shares of common stock that have a beneficial ownership blocker at 4.99%-9.99%.

The proceeds of warrants currently outstanding, to the extent not exercised on a cashless basis, may generate potential proceeds. We cannot provide assurance that any of these warrants will be exercised.

Convertible Promissory Notes with Clayton A. Struve

We owe Clayton A. Struve, a significant stockholder, $1,301,005 ($1,071,000, excluding $230,005 recorded as loss on debt extinguishment) under convertible promissory or OID notes. We recorded accrued interest of $101,582 and $94,062 as of September 30, 2024 and 2023, respectively. On September 15, 2023, the due dates on the notes was further extended to September 30, 2024. We expensed $230,005 as loss on debt extinguishment during the year ended September 30, 2023 related to the extension of the notes. We recorded in convertible note payable the incremental value related to the conversion feature and as such, we recorded the extension value as an expense with an offset to convertible note payable. The extension value will be reclassified to equity upon conversion. We are currently working on a further extension for the notes.

Convertible Redeemable Promissory Notes with J3E2A2Z

We owe Ronald P. Erickson and J3E2A2Z, an entity affiliated controlled by Ronald P. Erickson $1,460,926 ($1,184,066, excluding $276,860 as loss on debt extinguishment) under convertible promissory notes. On March 16, 2018, we entered into a Note and Account Payable Conversion Agreement pursuant to which (a) all $664,233 currently owing under the J3E2A2Z Notes was converted to a Convertible Redeemable Promissory Note in the principal amount of $664,233, and (b) all $519,833 of the J3E2A2Z Account Payable was converted into a Convertible Redeemable Promissory Note in the principal amount of $519,833 together with a warrant to purchase up to 1,039,666 shares of common stock of our for a period of five years. The initial exercise price of the warrants described above is $0.50 per share, also subject to certain adjustments. We recorded accrued interest of $84,573 and $218,334 as of September 30, 2024 and 2023, respectively.

On September 15, 2023, the due dates on the notes were extended to September 30, 2024. We expensed $276,860 as interest during the year ended September 30, 2023 related to the extension of the notes. We recorded in convertible note payable the incremental value related to the conversion feature and as such, we recorded the extension value as an expense with an offset to convertible note payable. The extension value will be amortized to equity upon conversion. On October 22, 2024, the due dates on the notes was further extended to September 30, 2025 and increased the interest rate from 6% to 8%.

Senior Convertible Note with Lind Global Fund II, LP

On February 27, 2024, we (a) entered into a securities purchase agreement (the "Lind Purchase Agreement") with Lind Global Fund II, LP ("Lind"), pursuant to which we may issue Lind one or more senior convertible notes the aggregate principal amount of up to $14,400,000 for an aggregate purchase price equal to up to $12,000,000 and warrants to purchase a number of shares equal to the applicable funding amount multiplied by 75% and divided by the volume weighted average price of the common stock on the trading date immediately preceding the issuance date of the warrant and (b) issued to Lind an initial convertible note with an outstanding principal amount of $4,800,000 in exchange for a purchase price of $4,000,000, that is convertible into shares of our common stock at an adjusted conversion price of $0.26 per share, subject to adjustment, and an initial five year warrant to purchase up to 6,000,000 shares of our common stock at an adjusted exercise price of $0.26 per share, subject to adjustment.

The convertible notes issued under the Lind Purchase Agreement bearing an Original Issue Discount (the "OID") equal to 20% of the principal amount of the note and do not accrue interest. Beginning on the date that is 120 days from the issuance date of each note and on each one month anniversary thereafter for 20 months, we are obligated to pay to Lind an amount equal to the greater of (x) 5% of the aggregate principal amount of such note or (y) $240,000, until the outstanding principal amount of such note has been paid in full prior to or on its maturity date or, if earlier, upon acceleration, conversion or redemption of such note in accordance with the terms. At our discretion, the monthly payments may be made in cash, in shares of our common stock, or in a combination of cash and shares. If made in shares, the number of shares shall be determined by dividing (x) the principal amount being paid in shares by (y) 90% of the average of the 3 lowest daily VWAPs during the 20 trading days prior to the applicable payment date. The notes set forth certain conditions that must be satisfied before we may make any monthly payments in shares of common stock. If we make a monthly payment in cash, we must also pay Lind a cash premium of 5% of such monthly payment. Lind may elect with respect to no more than two (2) monthly payments to increase the amount of such monthly payment up to $750,000 which increase would be paid only in shares of our common stock upon notice by us. Any such increased payment shall be deducted from the amount of the last monthly payment owed under the note.

Issuance of note shares and warrant shares upon repayment or conversion of notes and exercise of warrants is subject to an ownership limitation equal to 4.99% of our outstanding shares of common stock; provided, that if Lind and its affiliates beneficially own in excess of 4.99% of our outstanding shares of common stock, then such limitation shall automatically increase to 9.99% so long as Lind and its affiliates own in excess of 4.99% of such common stock (and shall, for the avoidance of doubt, automatically decrease to 4.99% upon Lind and its affiliates ceasing to own in excess of 4.99% of such common stock).

Upon the occurrence of any event of default, the notes will become immediately due and payable and we must pay Lind an amount equal to 120% of the then outstanding principal amount of each Note, in addition to any other remedies under the note or the other transaction documents. Events of default include, among others, our failure to make any note payment when due, a default in any indebtedness or adverse judgements in excess of $250,000, our failure to instruct its transfer agent to issue unlegended certificates, our shares of common stock no longer being public traded or listed on a national securities exchange, any stop order or trading suspension restricting the trading in our common stock, and our market capitalization is below $15 million for consecutive 10 days.

The warrant may be exercised via cashless exercise in the event there is no effective registration statement covering the shares of common stock underlying a warrant exercise.

Pursuant to the terms of the securities purchase agreement, if at any time prior to a date that is 24 months following the closing of the offering, we propose to offer or sell any additional securities in a subsequent financing, we shall first offer Lind the opportunity to purchase up to 20% of such new securities.

Our obligations under the notes are secured by a first-priority security interest in all of its assets pursuant to the terms of a security agreement in favor of Lind. In addition, in connection with the offering, our subsidiary Particle, Inc., a Nevada corporation, has guaranteed all of our obligations in connection with the offering pursuant to the terms of a guaranty in favor of Lind.

We received net proceeds of $3,805,699 in exchange for the issuance of the $4,800,000 notes and a warrant to purchase 6,000,000 shares of our common stock. The fair value of the 6,000,000 warrant shares was $2,110,731 on the date of issuance of which $1,411,052 was classified in equity after the allocation of issuance costs. The value of the warrant shares was recorded as debt discount (with an offset to APIC) and will be amortized over the two-year term of the Note.

In connection with this securities purchase agreement, we incurred approximately $994,000 of issuance costs of which $557,000 were allocated to the note and $437,000 to the warrant shares. The amount allocated to the notes was recorded as debt discount (with an offset to APIC) and will be amortized over the two-year term of the notes.

We recorded $830,948 of amortization of debt issuance costs during the year ended September 30, 2024 related to this security purchase agreement.

On June 27, 2024, we issued 546,697 shares of our common stock at $0.44 per share related to a principal payment of convertible debt settled with a common stock issuance for a total value of $240,000. During the year ended September 30, 2024, we made principal payments of $720,000 and interest payments of $36,000.

Anti-takeover Provisions

Anti-Takeover Effects of Certain Provisions of Nevada Law and our Governing Documents

Provisions of the Nevada Revised Statutes, our articles of incorporation and our bylaws could have the effect of delaying or preventing a third-party from acquiring us, even if the acquisition could benefit our stockholders. Such provisions of the Nevada Revised Statutes, our articles of incorporation and our bylaws can have the effect of enhancing continuity and stability in the composition of our board of directors and the policies formulated by the board of directors, and can also have the effect of discouraging certain types of transactions that may involve an actual or threatened change of control of our company. These provisions also may have the effect of reducing our vulnerability to an unsolicited proposal for a takeover that does not contemplate the acquisition of all of our outstanding shares, or an unsolicited proposal for the restructuring or sale of all or part of our company.

Nevada Anti-Takeover Statutes

The Nevada Revised Statutes, or NRS, contain provisions governing the acquisition of a controlling interest in certain Nevada corporations. Nevada's "acquisition of controlling interest" statutes (NRS 78.378 through 78.3793, inclusive) contain provisions governing the acquisition of a controlling interest in certain Nevada corporations. These "control share" laws provide generally that any person that acquires a "controlling interest" in certain Nevada corporations may be denied voting rights, unless a majority of the disinterested stockholders of the corporation elects to restore such voting rights. These laws will apply to us as of a particular date if we were to have 200 or more stockholders of record (at least 100 of whom have addresses in Nevada appearing on our stock ledger at all times during the 90 days immediately preceding that date) and do business in the State of Nevada directly or through an affiliated corporation, unless our articles of incorporation or bylaws in effect on the tenth day after the acquisition of a controlling interest provide otherwise. These laws provide that a person acquires a "controlling interest" whenever a person acquires shares of a subject corporation that, but for the application of these provisions of the NRS, would enable that person to exercise (1) one-fifth or more, but less than one-third, (2) one-third or more, but less than a majority or (3) a majority or more, of all of the voting power of the corporation in the election of directors. Once an acquirer crosses one of these thresholds, shares which it acquired in the transaction taking it over the threshold and within the 90 days immediately preceding the date when the acquiring person acquired or offered to acquire a controlling interest become "control shares" to which the voting restrictions described above apply. These laws may have a chilling effect on certain transactions if our articles of incorporation or bylaws are not amended to provide that these provisions do not apply to us or to an acquisition of a controlling interest, or if our disinterested stockholders do not confer voting rights in the control shares.

Nevada's "combinations with interested stockholders" statutes (NRS 78.411 through 78.444, inclusive) provide that specified types of business "combinations" between certain Nevada corporations and any person deemed to be an "interested stockholder" of the corporation are prohibited for two years after such person first becomes an "interested stockholder" unless the corporation's board of directors approves the combination (or the transaction by which such person becomes an "interested stockholder") in advance, or unless the combination is approved by the board of directors and sixty percent of the corporation's voting power not beneficially owned by the interested stockholder, its affiliates and associates. Furthermore, in the absence of prior approval certain restrictions may apply even after such two-year period. For purposes of these statutes, an "interested stockholder" is any person who is (1) the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the corporation, or (2) an affiliate or associate of the corporation and at any time within the two previous years was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then-outstanding shares of the corporation. The definition of the term "combination" is sufficiently broad to cover most significant transactions between a corporation and an "interested stockholder". These laws generally apply to Nevada corporations with 200 or more stockholders of record. However, a Nevada corporation may elect in its articles of incorporation not to be governed by these particular laws, but if such election is not made in the corporation's original articles of incorporation, the amendment (1) must be approved by the affirmative vote of the holders of stock representing a majority of the outstanding voting power of the corporation not beneficially owned by interested stockholders or their affiliates and associates, and (2) is not effective until 18 months after the vote approving the amendment and does not apply to any combination with a person who first became an interested stockholder on or before the effective date of the amendment. Neither our original articles of incorporation nor our current articles of incorporation include such an election.

NRS 78.139 also provides that directors may resist a change or potential change in control of the corporation if the board of directors determines that the change or potential change is opposed to or not in the best interest of the corporation upon consideration of any relevant facts, circumstances, contingencies or constituencies pursuant to NRS 78.138(4). The Nevada Revised Statutes also provide that any director may be removed from our board of directors by the vote or written consent of stockholders representing not less than two-thirds of the voting power of the issued and outstanding shares entitled to vote, and this standard is also reflected in our bylaws.

Bylaws

Our bylaws contain limitations as to who may call special meetings and also establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock are available for our board of directors to issue without stockholder approval. We may use these additional shares for a variety of corporate purposes, including future public or private offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of our authorized but unissued shares of common stock could render it more difficult or discourage an attempt to obtain control of our company by means of a proxy contest, tender offer, merger or other transaction. Our authorized but unissued shares may be used to delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

Market Price of and Dividends on Common Equity and Related Stockholder Matters

Our common stock trades on the NYSE American under the symbol "KNW". On November 8, 2024, the last reported sales price of our common stock on the NYSE American was $0.25 per share.

Trades in our common stock may be subject to Rule 15g-9 of the Exchange Act, which imposes requirements on broker/dealers who sell securities subject to the rule to persons other than established customers and accredited investors. For transactions covered by the rule, broker/dealers must make a special suitability determination for purchasers of the securities and receive the purchaser's written agreement to the transaction before the sale.

As of November 8, 2024, the high and low sales price of our common stock was $0.28 per share and $0.23 per share, respectively. As of November 8, 2024, we had 108,097,936 shares of common stock issued and outstanding, held by 181 stockholders of record. This number does not include approximately 5,000 beneficial owners whose shares are held in the names of various security brokers, dealers and registered clearing agencies.

Transfer Agent and Registrar

We have appointed Equiniti Trust Company located at 48 Wall Street, Floor 23, New York New York 10005, telephone number (800) 937-5449, as the transfer agent for our common stock.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis summarizes the significant factors affecting our operating results, financial condition, liquidity and cash flows as of and for the periods presented below. The following discussion and analysis should be read in conjunction with our financial statements and the related notes thereto included elsewhere in this report. The discussion contains forward-looking statements that are based on the beliefs of management, as well as assumptions made by, and information currently available to, management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this report, particularly in the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

Know Labs is an emerging leader in non-invasive medical diagnostics. We are focused on the development and commercialization of our proprietary sensor technology utilizing radio and microwave spectroscopy. When paired with our [machine learning platform, our technology is capable of uniquely identifying and measuring almost any material or analyte using electromagnetic energy to detect, record, identify, and measure the unique "signature" of said materials or analytes.

Recent Developments

On August 9, 2024, we completed a registered securities offering (the "Underwritten Offering") of 13,250,000 units consisting of one share of our common stock, par value $0.001 per share, and one warrant to purchase one share of common stock at an exercise price equal to $0.26 per share of common stock. The net proceeds from the Offering were approximately $3.445 million, before deducting underwriting discounts and commissions and offering expenses paid by us. We expect to use the proceeds of the Underwritten Offering to fund general corporate purposes, including working capital, capital expenditures, or research and development. We granted the Representatives a 30-day option to purchase up to an additional 1,987,500 shares of common stock and 1,987,500 warrants to cover over-allotments, if any. On August 8, 2024, the representatives partially exercised their over-allotment option to purchase 1,987,500 shares. Between the closing date and August 21, 2024, the representatives fully exercised their over-allotment option to purchase 1,987,500 shares. The Offering closed on August 9, 2024. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $3.468 million from the offering and exercise of over-allotment option.

On August 16, 2024, we completed a registered securities offering (the "Registered Offering") of 6,365,385 units consisting of one share of our common stock, par value $0.001 per share, and one warrant to purchase one share of common stock at an exercise price equal to $0.26 per share of common stock. The net proceeds from the Registered Offering were approximately $1.655 million, before offering expenses paid by us. We expect to use the proceeds of the Registered Offering to fund general corporate purposes, including working capital, capital expenditures, or research and development. As compensation for the Advisors' services in connection with this Offering, we have agreed to pay a cash fee of 5% of the aggregate gross proceeds of this Offering and to issue to the Advisors (Boustead Securities, LLC and The Benchmark Company, LLC) warrants to purchase 636,538 shares of our common stock. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $1.515 million from the direct offering.

Principal Factors Affecting Our Financial Performance

Our operating results are primarily affected by the following factors:

- the ability of our research and development team to produce an FDA clearance quality technology;
- our ability to recruit and maintain quality personnel with the talent to bring our technology to the market;
- the production of market ready products that can sustain FDA clearance quality results;
- the clearance by FDA after their rigorous clinical trial process of our products for the marketplace;
- the receptivity of the marketplace and the addressable diabetes community to our new non-invasive glucose monitoring technology; and
- access to sufficient capital to support us until our products achieve FDA clearance and are accepted in the marketplace.

Segment Reporting

We consider the business to currently have one operating segment; the development of its radio frequency spectroscopy technology with a first focus on non-invasively ascertaining blood glucose levels.

Results of Operations

The following table sets forth key components of our results of operations during the years ended September 30, 2024 and 2023.

	Year Ended September 30,			
	2024	2023	$ Variance	% Variance
Operating expenses-				
Research and development and operating expenses-				
Research and development expenses	$ 6,114	$ 7,727	$ 1,613	20.9%
Selling, general and administrative expenses	9,109	6,571	(2,538)	-38.6%
Selling and transactional costs for digital assets	-	(274)	(274)	-100.0%
Total operating expenses	15,223	14,024	(1,199)	-8.5%
Operating loss	(15,223)	(14,024)	(1,199)	-8.5%
Other Income (Expense), Net:				
Interest income	155	127	28	22.0%
Interest expense	(1,514)	(390)	(1,124)	-288.2%
Loss on debt extinguishment	-	(507)	507	100.0%
Other (expense) income	-	(495)	495	100.0%
Total other (expense), net	(1,359)	(1,265)	(94)	-7.4%
Loss before income taxes	(16,582)	(15,289)	(1,293)	-8.5%
Income tax expense	-	-	-	0.0%
Net loss	$ (16,582)	$ (15,289)	$ (1,293)	-8.5%

Research and Development Expenses. Research and development expenses for the year ended September 30, 2024 decreased $1,613,000 to $6,114,000 as compared to $7,727,000 for the year ended September 30, 2023. The decrease was due to reduced personnel, use of consultant, expenditures related to the development of our radio frequency spectroscopy Bio-RFID™ technology. During the year ended September 30, 2024, we reduced our headcount by nine and operating expenses and used external consultants to reduce the future cost of the development of our Bio-RFID™ technology. We launched the Generation 2 working prototype device during the year ended September 30, 2024.

Selling, General and Administrative Expenses. 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 expense of $669,000; (iii) issuance of common stock for services of $277,000; (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.

Other Income (Expense), Net. Other expense, net for the year ended September 30, 2024 was $1,359,000 as compared to other expense net of $1,265,000 for the year ended September 30, 2023. The other expense, net for the years ended September 30, 2024 included interest income of $155,000, offset by interest expense of $1,514,000. The increase in interest expense is related to $595,000 in interest expense for the extension of notes and warrants in February 2024 and amortization of issuance costs related to the Lind convertible note.

The other expense, net for the year ended September 30, 2023 included (i) interest income of $127,000; offset by (ii) interest expense of $390,000 related to convertible notes payable and the modification and extension of terms; (iii) loss on debt extinguishment of $507,000 related to the extension of convertible notes payable; and (iv) other expense of $495,000 related to the write-off of certain equipment.

Net Loss. Net loss for the year ended September 30, 2024 was $16,582,000 as compared to $15,289,000 for the year ended September 30, 2023. The net loss for the year ended September 30, 2024 included non-cash expenses of $4,930,000. 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.

The net loss for the year ended September 30, 2023 included non-cash expenses of $4,768,000. The non-cash items include (i) depreciation and amortization of $313,000; (ii) loss on sale of assets of $550,000; (iii) loss on debt extinguishment of $507,000; (iv) modification of notes and warrants- interest expense of $350,000; (v) stock based compensation- stock options of $2,956,000; (vi) amortization of operating lease right-of-use asset of $142,000; and (vii) gain on debt settlement of $50,000.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. Significant factors in the management of liquidity are funds generated by operations, levels of accounts receivable and accounts payable and capital expenditures.

As of September 30, 2024, we have cash and cash equivalents of $3,111,000 and a net working capital deficit of approximately $2,053,000. We anticipate that we will record losses from operations for the foreseeable future. We believe that we have enough available cash to operate until February 28, 2025. As of September 30, 2024, our accumulated deficit was $138,736,000 and net losses in the amount of $16,582,000 and $15,289,000 during years ended September 30, 2024 and 2023, respectively.

We intend to seek additional cash via equity and debt offerings. As a result of not having at least twelve months of cash available and not having any firm commitment for debt or equity financing, substantial doubt about our ability to continue on a going concern exists.

We have financed our corporate operations and our technology development through the issuance of convertible debentures, the sale of common or preferred stock and the exercise of warrants. During the remainder of 2024 and in 2025, we expect to raise additional funds through the issuance of preferred stock, convertible debentures or equity. There can be no assurance that we will be able to secure any needed funding, or that if such funding is available, the terms or conditions would be acceptable to us.

On February 27, 2024, we (a) entered into a securities purchase agreement with Lind Global Fund II LP pursuant to which we may issue to Lind one or more senior convertible notes in the aggregate principal amount of up to $14,400,000 for an aggregate purchase price equal to up to $12,000,000 and common stock purchase warrants and (b) issued a $4,800,000 note and a warrant to purchase 6,000,000 shares of our common stock to Lind in exchange for a purchase price of $4,000,000 and net proceeds of $3,805,699.

On March 20, 2024, we entered into an At the Market Offering Agreement with The Benchmark Company, LLC pursuant to which we may, from time to time, offer and sell shares of our common stock through or to The Benchmark Company, LLC as our sales agent or manager in an aggregate amount of up to $5,000,000. We have not received any of the $15,000 in funds due under this agreement as of September 30, 2024.

On August 7, 2024, we entered into an Underwriting Agreement with Boustead Securities, LLC and The Benchmark Company, LLC, as representatives of the underwriters named therein, relating to our registered public offering of 13,250,000 units consisting of one share of our common stock, par value $0.001 per share, and one warrant to purchase one share of Common Stock at an exercise price equal to $0.26 per share of Common Stock. The public offering price was $0.26 per Unit. The underwriters agreed to purchase 13,250,000 units at a 7.0% discount to the public offering price. We granted the Representatives a 30-day option to purchase up to an additional 1,987,500 shares of common stock and 1,987,500 warrants to cover over-allotments, if any. The gross proceeds from the Offering are approximately $3.445 million, or approximately $3.961 million if the representatives exercise in full their over-allotment option, before deducting underwriting discounts and commissions and other offering expenses. On August 8, 2024, the representatives partially exercised their over-allotment option to purchase 1,987,500 warrants. Between the closing date and August 21, 2024, the representatives fully exercised their over-allotment option to purchase 1,987,500 shares. The Offering closed on August 9, 2024. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $3.468 million from the offering and exercise of over-allotment option.

On August 15, 2024, we entered into Subscription Agreements with certain investors for a registered direct offering of 6,365,385 units consisting of one share of our common stock, par value $0.001 per share and one warrant to purchase one share of Common Stock at an exercise price equal of $0.26 per share of Common Stock at an offering price of $0.26 per Unit, for an aggregate purchase price of $1.655 million. As compensation for the Advisors' services in connection with this Offering, we have agreed to pay a cash fee of 5% of the aggregate gross proceeds of this Offering and to issue to the Advisors warrants to purchase 636,538 shares of our common stock. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $1.515 million from the direct offering.

The proceeds of warrants currently outstanding, to the extent not exercised on a cashless basis, may generate potential proceeds. We cannot provide assurance that any of these warrants will be exercised.

Operating Activities

Net cash used in operating activities for the years ended September 30, 2024 and 2023 was $12,829,000 and $10,354,000, respectively. The net cash used in operating activities for the year ended September 30, 2024 was primarily related to (i) a net loss of $16,582,000; (ii) working capital changes of $1,177,000; and offset by (iii) non-cash expenses of $4,930,000. The non-cash items include (iv) depreciation and amortization of 81,000; (v) stock based compensation-stock options of $2,958,000; (vi) issuance of common stock for services of $277,000; (vii) amortization of operating lease right-of-use asset of $189,000; amortization of debt issuance costs of $831,000; and (viii) interest expense for extension of notes and warrants of $594,000.

The net cash used in operating activities for the year ended September 30, 2023 was primarily related to (i) a net loss of $15,289,000; offset by (ii) working capital changes of $167,000; and (iii) non-cash expenses of $4,768,000. The non-cash items include (iv) depreciation and amortization of $313,000; (v) loss on disposal assets of $550,000; (vi) loss on debt extinguishment of $507,000; (vii) modification of notes and warrants- interest expense of $350,000; (viii) stock based compensation- stock options of $2,956,000; and (ix) amortization of operating lease right-of-use asset of $142,000.

Investing Activities

Net cash used in investing activities for the years ended September 30, 2024 and 2023 was $66,000 and $81,000, respectively. These amounts were primarily related to the investment in equipment for research and development.

Financing Activities

Net cash provided by financing activities for the for the years ended September 30, 2024 and 2023 was $7,983,000 and $5,865,000, respectively. The net cash provided by financing activities for the year ended September 30, 2024 was primarily related to (i) the proceeds from debt offering net of expenses of $3,764,000; (ii) and proceeds from common stock offering, net of expenses of $5,193,000; (iii) proceeds from the issuance of common stock for the exercise of warrants of $8,000; offset by (iv) repayment of note payable of $720,000; and (v) payments of debt offering of $262,000. The debt and equity offerings were previously discussed.

The net cash provided by financing activities for the year ended September 30, 2023 was primarily related to (i) proceeds from the issuance of common stock for the exercise of warrants of $387,000; (ii) proceeds from the issuance of common stock for the exercise of stock option grants of $5,000; proceeds from issuance common stock offering, net of expenses of $5,473,000. On September 29, 2023, we closed an offering of our common stock pursuant to which we sold 28,000,000 shares of common stock, at a purchase price of $0.25 per share. After deducting underwriting commissions and other offering expenses, we received net proceeds of $5,473,000.

Our contractual cash obligations as of September 30, 2024 are summarized in the table below:

Contractual Cash Obligations (1)	Total	Less Than 1 Year	1-3 Years
Operating leases	$ 395,001	$ 127,795	$ 267,207
Convertible notes payable	6,095,066	5,135,066	960,000
	$ 6,490,067	$ 5,262,861	$ 1,227,207

(1) Convertible notes payable reflects $6,095,066 ($4,723,506 after adjustments for debt extinguishment accounting and debt issuance costs) that can be converted into common stock upon demand. We expect to incur capital expenditures related to the development of the "Bio-RFID™" and "ChromaID" technologies. None of the expenditures are contractual obligations as of September 30, 2024.

We do not have any off-balance sheet arrangements (as that term is defined in Item 303 of Regulation S-K) that are reasonably likely to have a current or future material effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies Involving Significant Estimates

The following discussion relates to critical accounting policies for our company which involve significant estimates. The preparation of financial statements in conformity with United States generally accepted accounting principles, or GAAP, requires our management to make assumptions, estimates and judgments that affect the amounts reported, including the notes thereto, and related disclosures of commitments and contingencies, if any. We have identified certain accounting policies that are significant to the preparation of our financial statements. These accounting policies are important for an understanding of our financial condition and results of operation. Critical accounting policies are those that are most important to the portrayal of our financial condition and results of operations and require management's difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. We believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our financial statements:

Revenue Recognition. We determine revenue recognition from contracts with customers through the following steps:

- identification of the contract, or contracts, with the customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of the revenue when, or as our company satisfies a performance obligation.

Revenue is recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

Research and Development Expenses. Research and development expenses consist of the cost of officers, employees, consultants and contractors who design, engineer and develop new products and processes as well as materials, supplies and facilities used in producing prototypes.

Fair Value Measurements and Financial Instruments. ASC Topic 820, *Fair Value Measurement and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy, which requires classification based on observable and unobservable inputs when measuring fair value. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy consists of six levels:

Level 1 – Quoted prices in active markets for identical assets and liabilities;

Level 2 – Inputs other than level one inputs that are either directly or indirectly observable; and.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The recorded value of other financial assets and liabilities, which consist primarily of cash and cash equivalents, accounts receivable, other current assets, and accounts payable and accrued expenses approximate the fair value of the respective assets and liabilities as of September 30, 2024 and 2023 are based upon the short-term nature of the assets and liabilities.

We have a money market account which is considered a Level 1 asset. The balance as of September 30, 2024 and 2023 was $2,942,000 and $7,836,000, respectively. No other assets or liabilities are required to be recorded at fair value on a recurring nature.

Derivative Financial Instruments. Pursuant to ASC 815 "Derivatives and Hedging", we evaluate all of our financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. We then determine if embedded derivative must be bifurcated and separately accounted for. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, we use a Black-Scholes-Merton option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within twelve months of the balance sheet date. We determined that the conversion features for purposes of bifurcation within convertible notes payable issued during 2020 and 2021 were immaterial and as of September 30, 2024 all such convertible notes have been converted to common stock.

Stock Based Compensation. We have share-based compensation plans under which employees, consultants, suppliers and directors may be granted restricted stock, as well as options and warrants to purchase shares of common stock at the fair market value at the time of grant. Stock-based compensation cost to employees is measured by us at the grant date, based on the fair value of the award, over the requisite service period under ASC 718. For options issued to employees, we recognize stock compensation costs utilizing the fair value methodology over the related period of benefit.

Convertible Securities. Based upon ASC 815-15, we have adopted a sequencing approach regarding the application of ASC 815-40 to convertible securities to determine if an instrument should be accounted for as equity or a liability. We will evaluate our contracts based upon the earliest issuance date.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The full text of our audited consolidated financial statements are submitted as a separate section of this Annual Report on Form 10-K beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

a) Evaluation of Disclosure Controls and Procedures

We conducted an evaluation, under the supervision and with the participation of our management, of the effectiveness of the design and operation of our disclosure controls and procedures. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended ("Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures also 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 persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2024, our disclosure controls and procedures are effective at the reasonable assurance level.

b) Management's Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed by, or under the supervision of, our CEO and CFO, or persons performing similar functions, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (GAAP). Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of our company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures of our company are being made only in accordance with authorization of management and directors of our company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Management assessed the effectiveness of our internal control over financial reporting as of September 30, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 2013 *Internal Control-Integrated Framework*. Based on its evaluation, management has concluded that our internal control over financial reporting was effective as of September 30, 2024.

Pursuant to Regulation S-K Item 308(b), this Annual Report on Form 10-K does not include an attestation report of our company's registered public accounting firm regarding internal control over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. A control system, no matter how well designed and operated can provide only reasonable, but not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their cost.

c) Changes in Internal Control over Financial Reporting

During the year ended September 30, 2024, there were no other changes in our internal controls over financial reporting, which were identified in connection with our management's evaluation required by paragraph (d) of rules 13a-15 and 15d-15 under the Exchange Act, that materially affected, or is reasonably likely to have a material effect on our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

We have no information to disclose that was required to be disclosed in a report on Form 8-K during fourth quarter of fiscal year 2024 but was not reported.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Directors and Executive Officers

The following table sets forth certain information about our current directors and executive officers:

Name	Age	Director/ Executive Officer
Management-		
Ronald P. Erickson	80	Chief Executive Officer, Chairman of the Board of Directors and Director
Peter J. Conley	69	Chief Financial Officer and SVP Intellectual Property
John Cronin	69	Interim Chief Technology Officer and Director
Independent-		
William A. Owens	84	Director, Former Vice Chairman of NYSE for Asia
Jon Pepper	73	Director
Ichiro Takesako	65	Director
Larry K. Ellingson	78	Director

Set forth below is information regarding our directors and executive officers as of the date of this report.

Ronald P. Erickson. Mr. Erickson was appointed as Chief Executive Officer in January 2023. Mr. Erickson previously served as our Chief Executive Officer from November 2009 to April 2018. He has served as Chairman of the Board from 2004 to 2011 and from 2015 to the present. A senior executive with more than 30 years of experience in the technology, telecommunications, software, and digital media industries, Mr. Erickson was the founder of our company. He is formerly Chairman, CEO and Co-Founder of Blue Frog Media, a mobile media and entertainment company; Chairman and CEO of eCharge Corporation, an Internet-based transaction procession company; Chairman, CEO and Co-founder of GlobalTel Resources, a provider of telecommunications services; Chairman, Interim President and CEO of Egghead Software, Inc., a software reseller where he was an original investor; Chairman and CEO of NBI, Inc.; and Co-founder of MicroRim, Inc., the database software developer. Earlier, Mr. Erickson practiced law in Seattle and worked in public policy in Washington, DC and New York, NY. Additionally, Mr. Erickson has been an angel investor and board member of a number of public and private technology companies. In addition to his business activities, Mr. Erickson was Chairman and a member of the Board of Trustees from 2010 to 2021 of Central Washington University where he received his BA degree. He also holds an MA from the University of Wyoming and a JD from the University of California, Davis. He is licensed to practice law in the State of Washington. Mr. Erickson is our founder and was appointed as a director because of his extensive experience in developing technology companies.

Peter J. Conley. Mr. Conley has served as our Chief Financial Officer and SVP Intellectual Property since May 2022. In addition, Mr. Conley currently serves as Senior Managing Director and Head of Intellectual Property Banking at Boustead Securities, LLC, a position he has held since October 2014, where he provides equity financing and M&A advisory services to small-cap public companies. Prior to that, from 2012 to 2016, Mr. Conley was a cofounder and Chief Operating Officer of ipCreate, a global IP development and innovation services company serving large multinational companies. He also served as managing director of ipCapital Venture Group, where he provided IP strategy and venture advisory services. During his career spanning more than 35 years, Mr. Conley has held leadership roles at MDB Capital Group, The Analytiq Group / RDEX Research, Roth Capital Partners, and Lehman Brothers. He was on the founding team and Head of Equity Capital Markets at E*Offering, the investment bank of E*Trade. Mr. Conley attended the University of Hawaii at Manoa and the University of London, Center for Financial & Management Studies, SOAS.

John Cronin. Mr. Cronin served as a director between November 2023 and September 2024 when he was appointed our Interim Chief Technology Officer. Mr. Cronin is an experienced inventor and intellectual property strategist. Mr. Cronin is Chairman and CEO of ipCapital Group, Inc. ("ipCG"), a globally recognized IP strategy consulting firm founded in 1998, offering more than 45 different services. Mr. Cronin has authored greater than 1,600 patents and applications across hundreds of technology spaces, leveraging the ipCapital Methodology. Before forming ipCG, Mr. Cronin spent over 17 years at IBM and became its top inventor with over 100 patents and 150 patent publications. He created and ran the IBM Patent Factory, which was essential in helping IBM become number one in US patents and led the team that contributed to the startup and success of IBM's licensing program. Mr. Cronin is also the Chair of the Board of Directors of AdrenalineIP, Chairman of IX-Innovations, and is the Founder of HarvestWeb, a 501(c)3 charitable organization that provides an easy online way to make donations to food pantries. Mr. Cronin previously served on the board of directors of HopTo Inc. (OTC: HPTO) from 2014 to September 2018, and ImageWare® Systems, Inc. (OTCQB: IWSY) from 2012 until April 2020. Mr. Cronin has a B.S. (E.E.), an M.S. (E.E), and a B.A. degree in Psychology from the University of Vermont. As of the year ended September 30, 2024 and 2023, we have paid ipCG approximately $390,000 and $713,000, respectively in professional fees. Mr. Cronin currently serves as Interim Chief Technology Officer and is not considered an independent director. Mr. Cronin was appointed as a director based on his domain expertise and extensive experience in patent strategy, development and monetization.

William A. Owens. Admiral Owens has served as an independent director since May 2018. William A. Owens is the co-founder and executive chairman of Red Bison Technology Group, a company which installs and operates high speed telecoms networks and technology in large office buildings. He is the Chairman of Visionary Vehicles which is building a series of automobiles focused on electric and hydrogen powered cars, Kyrrex which is a successful and growing Crypto Currency Exchange operating in Europe, and Massif, an electric bicycle company. Owens serves on the board of directors of the public companies, Siply, Know Labs, and Compass, and is a director of the private companies: TruU, Tethr, ViruSight, Prism, Steel Grove, JennyCo, Axxess Capital, Versium, and Viome. Owens was the chairman of the board of CenturyLink Telecom (now Lumen), the third largest telecommunications company in the United States and SAP USA. Owens is on the board of trustees of Seattle University, and the Fiscal Responsibility Amendment (CFFRA) Association which aims to establish a balanced budget amendment to the US Constitution. He is a member of the Council of Foreign Relations. He is the Founder and senior General on a China US forum to bring 4star generals together for China US cooperation. He is a Senior Fellow at Stimson Institute. From 2007 to 2015, Owens was the Chairman and Senior Partner of AEA Investors Asia, a private equity firm located in Hong Kong, and Vice Chairman of the NYSE for Asia. Owens also served as the Chairman of Eastern Airlines. He has served on over 25 public boards including Daimler, British American Tobacco, Telstra, Nortel Networks, and Polycom.

Owens was the CEO of Nortel, a fortune 500 company, the CEO/Chairman of Teledesic, a Bill Gates/Craig McCaw company bringing worldwide broadband through an extensive satellite network and was the President of Science Applications International Corporation (SAIC). He also served on the boards of the not-for-profit organizations; Fred Hutchinson Cancer Research Center, Carnegie Corporation of New York, Brookings Institution, East West Institute, and RAND Corporation.

Owens is a retired four-star US Navy Admiral. He was Vice Chairman of the Joint Chiefs of Staff, the second-ranking United States military officer in the US, with responsibility for reorganizing and restructuring the armed forces in the post- Cold War era. He is widely recognized for bringing commercial high-grade technology into the Department of Defense for military applications. Owens was the architect of the Revolution in Military Affairs (RMA), an advanced systems technology approach to military operations, the most significant change in the system of requirements, budgets and technology for the four armed forces since World War II. Owens was Commander of the U.S. Sixth Fleet from 1990 to 1992, which included Operation Desert Storm. Owens also served as the deputy Chief of Naval Operations for Resources and Requirements. Owens was the Senior Military Assistant to two Secretaries of Defense (Cheney and Carlucci) and served in the Office of Program Appraisal for the Secretary of the Navy. He began his military career as a nuclear submariner. He served on four strategic nuclear-powered submarines and three nuclear attack submarines, including tours as Commanding Officer of the USS Sam Houston, USS Michigan, and USS City of Corpus Christi.

Owens is a 1962 honor graduate of the United States Naval Academy in mathematics, holds bachelors and masters degrees in politics, philosophy and economics from Oxford University, and a master's degree in management from George Washington University. He has written more than 50 articles on national security and authored the book "High Seas." His book, "Lifting the Fog of War," was published in April 2000 with a revision published in Mandarin in 2009. And his book "China-US 2039: The Endgame?" was published in 2019 in both English and Mandarin.

Owens has received numerous recognitions and awards: the "Légion d'Honneur" by France, and the highest awards given to foreigners by the countries of Indonesia and Sweden. He was named as one of The 50 Most Powerful People in Networking by Network World, one of the 100 Best Board Members in the United States for 2011 and again in 2016 awarded by NACD, and the Intrepid Salute Award in recognition of his business achievements and support of important philanthropic activities. Owens is active in philanthropy to foster Chinese – American relations including dialogues between the most senior retired officers in the United States and Chinese militaries. He is a North Dakota's Roughriders recipients, the award given annually to the most prominent North Dakotans. Admiral Owens was appointed as a director of Know Labs because of his financials and governance skills.

Jon Pepper. Mr. Pepper has served as an independent director since April 2006. Mr. Pepper founded Pepcom, a company that become the industry leader at producing press-only technology showcase events around the country and internationally, in 1980. He sold his stake in the corporation and retired as a partner at the end of 2018. Prior to that, Mr. Pepper started the DigitalFocus newsletter, a ground-breaking newsletter on digital imaging that was distributed to leading influencers worldwide. Mr. Pepper has been closely involved with the high technology revolution since the beginning of the personal computer era. He was formerly a well-regarded journalist and columnist. His work on technology subjects appeared in *The New York Times*, *Fortune*, *PC Magazine*, *Men's Journal*, *Working Woman*, *PC Week*, *Popular Science* and many other well-known publications. Mr. Pepper was educated at Union College in Schenectady, New York and the Royal Academy of Fine Arts in Copenhagen. He continues to be active in non-profit work and private company boards and in 2017 founded Mulberry Tree Films, a non-profit that supports independent high-quality documentary films and other publishing and creative projects that are oriented toward increasing the understanding of human potential and creativity. Mulberry Tree funded and produced the acclaimed documentary, "The Gates of Shinto" and is currently at work on additional projects. Mr. Pepper was appointed as a director because of his marketing skills with technology companies. Mr. Pepper was appointed as a director because of his marketing skills with technology companies.

Ichiro Takesako. Mr. Takesako has served as an independent director since December 2012. Mr. Takesako has held executive positions with Sumitomo Precision Products Co., Ltd, or Sumitomo, and its affiliates since 1983. In the past few years, Mr. Takesako has held the following executive position in Sumitomo and its affiliates: in June 2008, he was appointed as General Manager of Sales and Marketing Department of Micro Technology Division; in April 2009, he was appointed as General Manager of Overseas Business Department of Micro Technology Division, in charge of M&A activity of certain business segment and assets of Aviza Technology, Inc.; in July 2010, he was appointed as Executive Director of SPP Process Technology Systems, a 100% owned subsidiary of Sumitomo Precision Products at the time; in August 2011, he was appointed as General Manager, Corporate Strategic Planning Group; in January 2013, he was appointed as Chief Executive Officer of M2M Technologies, Inc., a company invested by Sumitomo Precision products; in April 2013, has was appointed as General Manager of Business Development Department, in parallel of CEO of M2M Technologies, Inc.; in April 2014, he was relieved from General Manager of Business Development Department and is responsible for M2M Technologies Inc. as its CEO; in March 2017, he established At Signal, Inc. which took over the entire business operation from M2M Technologies, Inc.; and in April 2017, he was appointed as Chief Executive Officer of At Signal, Inc. Mr. Takesako graduated from Waseda University, Tokyo, Japan where he majored in Social Science and graduated with a Degree of Bachelor of Social Science. Mr. Takesako was appointed as a director based on his previous position with Sumitomo and Sumitomo's previous significant partnership with our company. Mr. Takesako was appointed as a director based on his previous position with Sumitomo and Sumitomo's previous significant partnership with our company.

Larry K. Ellingson. Mr. Ellingson has served as an independent director since November 2023. Mr. Ellingson holds a BS, Pharmacy, from North Dakota State University (NDSU), Fargo, North Dakota and an Executive MBA from Babson College, Babson Park, Massachusetts. From April 23, 2019 to present, Mr. Ellingson has served as a member of Know Labs advisory board. From 2013 to present, Mr. Ellingson is Co-Founder of the Diabetes Leadership Council and Vice Chair Global initiatives. Since 2006 to present, Mr. Ellingson has been President of Global Diabetes Consulting LTD.

Mr. Ellingson retired from Eli Lilly and Company in May 2001 after having been involved as a leader of global diabetes for Lilly for more than half of his career. He has held several other positions at Lilly including Director of Pharmaceutical New Product Planning for gastrointestinal, skeletal, endocrine and infectious diseases, along with responsibility for marketed products in those areas in the late 1980s.

Mr. Ellingson continues to remain active with committee work and board positions for a multitude of organizations, among them are NDSU, Research Park, International Diabetes Federation, Academy of Nutrition and Dietetics, Nurse Practitioners Healthcare Foundation and the American Diabetes Association®. His contributions to the Association have been abundant and far-reaching and have spanned over 20 years. He has held numerous positions within the Association such as member of the Industry Advisory, Strategic Marketing Task Force, Strategic Planning Task Force, Big Ticket Task Force, Pinnacle Society and the Income Development Committee. He has been Chair or Vice Chair for an equally extensive list of bodies within the Association including the Board of Directors, Fundraising Committee, Executive Committee and Nominating Committee. He has unquestionably been a positive force and an integral part of mission delivery.

Mr. Ellingson has been honored several times for his achievements in his field. He was honored by being the first and only non–scientist to receive Eli Lilly's President's Award and the Lilly Research Award for contributions to diabetes research. In 2001, Eli Lilly created the Ellingson Legacy Award to honor those who provide outstanding service to the customer. Ellingson was the first recipient of the award. The ADA, Indiana affiliate awarded Mr. Ellingson the J.K. Lilly Award in 2004 for his contributions & service to the field of diabetes. NDSU awarded him the highest honor in 2007, naming him An Outstanding Alumni of the Year for his contributions to the field and to the University. The American Diabetes Association® recognized Mr. Ellingson in 2006 with the Charles H. Best Medal for Outstanding Service for his exceptional contributions as Chair of the Board. The ADA recognized Mr. Ellingson with the prestigious Wendell Mayes Jr. Award in 2013 for his long-term service in diabetes. Mr. Ellingson received an Honorary Membership in 2020 to the Academy of Nutrition and Dietetics for his contributions to the Academy. He continues to be engaged in diabetes programs and projects through the Diabetes Leadership Council which he cofounded in 2013. He continues to be engaged in diabetes programs and projects through the Diabetes Leadership Council which he cofounded in 2013. Mr. Ellingson was appointed as a director based on his substantial experience in the diabetes industry and his global thought leadership in the field of diabetes.

Term of Office

Our directors currently have terms which will end at our next annual meeting of stockholders or until their successors are elected and qualify, subject to their prior death, resignation or removal. Officers serve at the discretion of the Board.

Family Relationships

There are no family relationships among any of our officers or directors.

Involvement in Certain Legal Proceedings

We are not aware of any of our directors or officers being involved in any legal proceedings in the past ten years relating to any matters in bankruptcy, insolvency, criminal proceedings (other than traffic and other minor offenses) or being subject to any of the items set forth under Item 401(f) of Regulation S-K.

Corporate Governance

The Board's Role in Risk Oversight

Our Board oversees that the assets of our company are properly safeguarded, that the appropriate financial and other controls are maintained, and that our business is conducted wisely and in compliance with applicable laws and regulations and proper governance. Included in these responsibilities is the Board's oversight of the various risks facing our company. In this regard, our Board seeks to understand and oversee critical business risks. Our Board does not view risk in isolation. Risks are considered in virtually every business decision and as part of our business strategy. Our Board recognizes that it is neither possible nor prudent to eliminate all risk. Indeed, purposeful and appropriate risk-taking is essential for our company to be competitive on a global basis and to achieve our objectives.

While the Board oversees risk management, company management is charged with managing risk. Management communicates routinely with the Board and individual directors on the significant risks identified and how they are being managed. Directors are free to, and indeed often do, communicate directly with senior management.

Our Board administers its risk oversight function as a whole by making risk oversight a matter of collective consideration; however, much of the work is delegated to committees, which will meet regularly and report back to the full Board. The audit committee oversees risks related to our financial statements, the financial reporting process, accounting and legal matters, the compensation committee evaluates the risks and rewards associated with our compensation philosophy and programs, and the nominating and corporate governance committee evaluates risks associated with management decisions and strategic direction.

Attendance at Annual Meetings of Stockholders

We expect that all of our Board members will attend our annual meetings of stockholders in the absence of a showing of good cause for failure to do so and all of our Board members who were directors at the time attended our virtual 2024 annual meeting of stockholders.

Board Meetings and Committees

During our last fiscal year, each of our directors attended at least 75% of the aggregate of (i) the total number of Board meetings and (ii) the total number of meetings of the committees on which the director served.

Independent Directors

NYSE American's rules generally require that a majority of an issuer's board of directors must consist of independent directors. Our board of directors currently consists of six (6) directors, four (4) of whom, Messrs. Owens, Pepper, Takesako, and Ellingson are independent within the meaning of NYSE American rules.

Committees of the Board of Directors

Our Board has established an audit committee, a compensation committee and a nominating and corporate governance committee, each comprised only of members who meet the independence requirements of the Exchange Act and NYSE American rules and each with its own charter approved by the Board. Each committee's charter is available on our website at www.knowlabs.co. In addition, our Board may, from time to time, designate one or more additional committees, which shall have the duties and powers granted to it by our Board.

Audit Committee

William A. Owens, Jon Pepper and Ichiro Takesako serve on our audit committee, with Mr. Pepper serving as the chairman. Our Board has determined that Mr. Owens qualifies as an "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K. The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements.

The audit committee is responsible for, among other things: (i) retaining and overseeing our independent accountants; (ii) assisting the Board in its oversight of the integrity of our financial statements, the qualifications, independence and performance of our independent auditors and our compliance with legal and regulatory requirements; (iii) reviewing and approving the plan and scope of the internal and external audit; (iv) pre-approving any audit and non-audit services provided by our independent auditors; (v) approving the fees to be paid to our independent auditors; (vi) reviewing with our chief executive officer and principal financial officer and independent auditors the adequacy and effectiveness of our internal controls; (vii) reviewing hedging transactions; and (viii) reviewing and assessing annually the audit committee's performance and the adequacy of its charter. The audit committee is also responsible for preparing a report to be included with this Proxy Statement. Our audit committee met 4 times during the last fiscal year.

Compensation Committee

William A. Owens, John Cronin and Jon Pepper serve on our compensation committee, with Mr. Owens serving as the chairman. The members of the compensation committee are also "non-employee directors" within the meaning of Section 16 of the Exchange Act. The compensation committee assists the Board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Mr. Cronin will be replaced with an independent director shortly.

The compensation committee is responsible for, among other things: (i) reviewing and approving the remuneration of our executive officers; (ii) making recommendations to the Board regarding the compensation of our independent directors; (iii) making recommendations to the Board regarding equity-based and incentive compensation plans, policies and programs; and (iv) reviewing and assessing annually the compensation committee's performance and the adequacy of its charter. Our compensation committee met 4 times during the last fiscal year.

Nominating and Corporate Governance Committee

Larry K. Ellingson, Jon Pepper and Ichiro Takesako serve on our nominating and corporate governance committee, with Mr. Ellingson serving as the chairman. The nominating and corporate governance committee assists the Board in selecting individuals qualified to become our directors and in determining the composition of the Board and its committees.

The nominating and corporate governance committee is responsible for, among other things: (i) identifying and evaluating individuals qualified to become members of the Board by reviewing nominees for election to the Board submitted by stockholders and recommending to the Board director nominees for each annual meeting of stockholders and for election to fill any vacancies on the Board; (ii) advising the Board with respect to Board organization, desired qualifications of Board members, the membership, function, operation, structure and composition of committees (including any committee authority to delegate to subcommittees), and self-evaluation and policies; (iii) advising on matters relating to corporate governance and monitoring developments in the law and practice of corporate governance; (iv) overseeing compliance with our code of ethics; and (v) approving any related party transactions.

The nominating and corporate governance committee's methods for identifying candidates for election to our Board (other than those proposed by our stockholders, as discussed below) include the solicitation of ideas for possible candidates from a number of sources – members of our Board, our executives, individuals personally known to the members of our Board, and other research. The nominating and corporate governance committee may also, from time-to-time, retain one or more third-party search firms to identify suitable candidates.

In making director recommendations, the nominating and corporate governance committee may consider some or all of the following factors: (i) the candidate's judgment, skill, and experience with other organizations of comparable purpose, complexity and size, and subject to similar legal restrictions and oversight; (ii) the interplay of the candidate's experience with the experience of other Board members; (iii) the extent to which the candidate would be a desirable addition to the Board and any committee thereof; (iv) whether or not the person has any relationships that might impair his or her independence; and (v) the candidate's ability to contribute to the effective management of our company, taking into account the needs of our company and such factors as the individual's experience, perspective, skills and knowledge of the industry in which we operate.

A stockholder may nominate one or more persons for election as a director at an annual meeting of stockholders if the stockholder complies with the notice and information provisions contained in our Bylaws. Such notice must be received in writing to our company not later than the close of business fourteen (14) days nor earlier than the close of business eighty (80) days prior to the first anniversary of the preceding year's annual meeting; provided, however, that if less than twenty-one (21) days' notice of the meeting is given to stockholders, such writing shall be received by the Secretary of the Corporation not later than the close of the seventh (7th) day following the day on which notice of the meeting was mailed to stockholders. In addition, stockholders furnishing such notice must be a holder of record on both (i) the date of delivering such notice and (ii) the record date for the determination of stockholders entitled to vote at such meeting.

Code of Ethics

We have adopted a code of ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. Such code of ethics addresses, among other things, honesty and ethical conduct, conflicts of interest, compliance with laws, regulations and policies, including disclosure requirements under the federal securities laws, and reporting of violations of the code.

A copy of the code of ethics has been filed as an exhibit to our registration statement on Form S-1, as amended, July 29, 2022, and is also available on our website as www.knowlabs.io. We are required to disclose any amendment to, or waiver from, a provision of our code of ethics applicable to our principal executive officer, principal financial officer, principal accounting officer, controller, or persons performing similar functions. We intend to use our website as a method of disseminating this disclosure as well as by SEC filings, as permitted or required by applicable SEC rules. Any such disclosure will be posted to our website within four (4) business days following the date of any such amendment to, or waiver from, a provision of our code of ethics.

Communication with our Board of Directors

Our stockholders and other interested parties may communicate with our Board by sending written communication in an envelope addressed to "Board of Directors" in care of the Secretary, 619 Western Avenue, Suite 610, Seattle, Washington 98104.

Delinquent Section 16(a) Reports

Our executive officers, directors and 10% stockholders are required under Section 16(a) of the Exchange Act to file reports of ownership and changes in ownership with the SEC. Copies of these reports must also be furnished to us.

Based solely on a review of copies of reports furnished to us, as of September 30, 2024 our executive officers, directors and 10% holders complied with all filing requirements except as follows:

Ronald P. Erickson - Mr. Erickson extended notes on January 30, 2024 and filed his Form 4 on May 31, 2024. This was an amendment of notes disclosed through our ongoing SEC filings.

Compensation Recovery Policy

We have adopted a Compensation Recovery Policy for the recovery of Erroneously Awarded Compensation in order to comply with Section 10D of the Exchange Act, Rule 10D-1 promulgated under the Exchange Act, and the listing standards of the NYSE American adopted pursuant thereto. In the event we are required to prepare an accounting restatement of our financial results as a result of a material noncompliance by us with any financial reporting requirement under the federal securities laws, we will have the right to use reasonable efforts to recover from any current or former executive officers who received incentive compensation (whether cash or equity) from us during the three-year period preceding the date on which we were required to prepare the accounting restatement, any excess incentive compensation awarded as a result of the misstatement. This policy is administered by the Compensation Committee of the Board.

Stock Ownership Guidelines

The Board does not currently have stock ownership guidelines.

Insider Trading Policy; Anti-Hedging and Anti-Pledging

We have adopted an insider trading policy governing the purchase, sale, and/or other dispositions of our securities by directors, officers and employees that includes restrictions and limitations on the ability of our directors, officers and other employees to engage in transactions involving the hedging and pledging of our stock. Under the policy, hedging or monetization transactions, such as collars, forward sale contracts, equity swaps, puts, calls, collars, forwards and other derivative instruments, which allow an employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock, and thus to continue to own our stock without the full risks and rewards of ownership, are prohibited. In addition, the policy addresses the practices of holding our stock in a margin account, under which the securities may be sold by the broker without the customer's consent if the customer fails to meet a margin call, and of pledging our stock as collateral for a loan, in which event the securities may be sold in foreclosure if the borrower defaults on the loan. Securities held in a margin account or pledged as collateral may not exceed 25% of the total number of shares owned by the employee or director.

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth information concerning all cash and non-cash compensation awarded to, earned by or paid to our Chief Executive Officer and two other most highly compensated executive officers (our "named executive officers") for services rendered in all capacities during the fiscal years ended September 30, 2024 and September 30, 2023, respectively. No other executive officers received total annual salary and bonus compensation in excess of $100,000.

Name	Principal Position		Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($) (3)	All Other Compensation ($)	Total ($)
Ronald P. Erickson (1)	Chief Executive Officer and Chairman of the Board	Fiscal year 2024	$ 453,125	$ 100,000	$ -	$ 894,202	$ 205,000	$ 1,652,327
		Fiscal year 2023	$ 371,083	$ -	$ -	$ 551,569	$ 173,885	$ 1,096,537
Peter J. Conley (2)	Chief Financial Officer and SVP Intellectual Property	Fiscal year 2024	$ 371,877	$ 125,000	$ -	$ 307,254	$ -	$ 804,131
		Fiscal year 2023	$ 319,792	$ -	$ -	$ 244,750	$ -	$ 564,542

(1) During the fiscal years ended September 30, 2024 and 2023, Ronald P. Erickson was compensated with a salary of $325,000 from November 1, 2022 to December 22, 2022, of $375,000 from December 23, 2022 to March 1, 2024 and $500,000 from March 1, 2024 to September 30, 2024. Mr. Erickson received a bonus of $100,000 during the fiscal year end September 30, 2024. An entity affiliated with and controlled by Mr. Erickson, J3E2A2Z LP, was paid interest of $205,000 and $140,000 and other expenses of $0 and $33,855 during the fiscal years ended September 30, 2024 and 2023, respectively. See Annual Report on Form 10-K for the fiscal years ended September 30, 2024 and 2023, *"Outstanding Equity Awards at Year-End"* for a discussion of option award compensation.

(2) During the fiscal year ended September 30, 2022, Mr. Conley was compensated with an annual salary of $300,000 from September 30, 2022 to December 13, 2023. From December 14, 2022, Mr. Conley has been compensated with an annual salary of $325,000. From March 1, 2024 to September 30, 2024, Mr. Conley was compensated at $400,000. Mr. Conley received a bonus of $125,000 during the fiscal year end September 30, 2024. See Annual Report on Form 10-K for the fiscal year ended September 30, 2024*, "Outstanding Equity Awards at Year-End"* for a discussion of option award compensation.

(3) These amounts reflect the aggregate grant date fair value of awards granted in the fiscal years ended September 30, 2024 and 2023, as required by Regulation S-K Item 402(n)(2), computed in accordance with the FASB Accounting Standards Codification Topic 718 ("FASB ASC Topic 718"). All assumptions made in the valuations are contained and described in footnote 8 to our financial statements for Fiscal 2024 contained in this Annual Report on Form 10-K for the fiscal year ended September 30, 2024. The amounts shown in the table reflect the total fair value on the date of the grant.

Employment Agreements

On April 10, 2018, we entered into an amended employment agreement with Ronald P. Erickson which amends our employment agreement with him dated July 1, 2017. The current salary is $500,000. Mr. Erickson will be entitled to participate in all group employment benefits that are offered by us to our senior executives and management employees from time to time, subject to the terms and conditions of such benefit plans, including any eligibility requirements. The employment agreement is for an initial term of 12 months (subject to earlier termination) and will be automatically extended for additional 12-month terms unless either party notifies the other party of its intention to terminate the employment agreement at least ninety (90) days prior to the end of the initial term or renewal term. If we terminate Mr. Erickson's employment at any time prior to the expiration of the term without cause, as defined in the employment agreement, or if Mr. Erickson terminates his employment at any time for "good reason" or due to a "disability," Mr. Erickson will be entitled to receive (i) his base salary amount for one year; and (ii) medical benefits for eighteen months. On January 23, 2023, the Board appointed Mr. Erickson our Chief Executive Officer. Mr. Erickson was appointed to serve until his successor is duly elected.

On May 13, 2022, we entered into an employment agreement with Peter J. Conley reflecting his appointment as our Chief Financial Officer and Senior Vice President, Intellectual Property. The current salary is $400,000. Mr. Conley may also be entitled to bonuses from time to time as determined by our Board or our compensation committee in their sole discretion. Mr. Conley is eligible to participate in all our employee benefit plans, policies and arrangements that are applicable to other executive officers, as such plans, policies and arrangements may exist or change from time to time at our discretion. We will reimburse Mr. Conley for reasonable travel, entertainment and other expenses he incurs in the furtherance of his duties under the employment agreement. The employment agreement is at will, meaning either we or Mr. Conley may terminate the employment relationship at any time, with or without cause, upon written notice to the other party. The employment agreement provides for severance pay equal to 12 months of then-in-effect base salary if Mr. Conley is terminated without "cause" or voluntarily terminates his employment for "good reason," as defined in the employment agreement.

Outstanding Equity Awards at Fiscal Year-End

The following table includes certain information with respect to the value of all unexercised options and unvested shares of restricted stock previously awarded to the executive officers named above at the fiscal year ended September 30, 2024.

	Option Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexerciseable (#)	Option Exercise Price ($) (3)	Option Expiration Date
Ronald P. Erickson (1)	1,200,000	-	$ 1.10	11/4/2024
	-	1,865,675	$ 1.53	12/15/2025
	266,525	1,599,150	$ 1.53	12/15/2025
	2,000,000	-	$ 1.53	12/15/2025
	687,500	312,500	$ 2.09	12/16/2026
	437,500	562,500	$ 1.41	12/14/2027
	1,160,211	3,480,633	$ 0.25	10/10/2028
Peter J. Conley (2)	562,500	437,500	$ 1.48	5/20/2027
	937,813	2,063,187	$ 0.25	10/10/2028

(1) On October 10, 2023, we issued a stock option grant to Ronald P. Erickson for 4,640,844 shares at an exercise price of $0.25 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years.
On December 14, 2022, we issued a stock option grant to Ronald P. Erickson for 1,000,000 shares at an exercise price of $1.41 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years.

(2) On October 10, 2024, we issued a stock option grant to Peter J. Conley for 3,001,000 shares at an exercise price of $0.25 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years.

(3) These amounts reflect the grant date market value as required by Regulation S-K Item 402(n)(2), computed in accordance with FASB ASC Topic 718.

Additional Narrative Disclosure

Retirement Benefits

We have not maintained, and do not currently maintain, a defined benefit pension plan, nonqualified deferred compensation plan or other retirement benefits.

We maintain a 401(k) plan and/or other health and welfare benefit plans in which our NEOs are eligible to participate.

Potential Payments upon Termination or Change in Control

We have the following potential payments upon termination or change in control with Ronald P. Erickson:

Executive Payments Upon Separation	For Cause Termination on 9/30/2024	Early or Normal Retirement on 9/30/2024	Not For Good Cause Termination on 9/30/2024	Change in Control Termination on 9/30/2024	Disability or Death on 9/30/2024
Compensation:					
Base salary (1)	$ -	$ -	$ 500,000	$ 500,000	$ -
Performance-based incentive compensation	$ -	$ -	$ -	$ -	$ -
Stock options (2)	$ -	$ -	$ 4,994,251	$ 4,994,251	$ -
Benefits and Perquisites:					
Health and welfare benefits (3)	$ -	$ -	$ 30,174	$ 30,174	$ -
Accrued vacation pay	$ -	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ 5,524,425	$ 5,524,425	$ -

(1) Reflects a salary for twelve months.
(2) Reflects the vesting of stock option grants-noncash.
(3) Reflects the cost of medical benefits for eighteen months.

We have the following potential payments upon termination or change in control with Peter J. Conley:

Executive Payments Upon Separation	For Cause Termination on 9/30/2024	Early or Normal Retirement on 9/30/2024	Not For Good Cause Termination on 9/30/2024	Change in Control Termination on 9/30/2024	Disability or Death on 9/30/2024
Compensation:					
Base salary (1)	$ -	$ -	$ 400,000	$ 400,000	$ -
Performance-based incentive compensation	$ -	$ -	$ -	$ -	$ -
Stock options (2)	$ -	$ -	$ 776,991	$ 776,991	$ -
Benefits and Perquisites:					
Health and welfare benefits	$ -	$ -	$ -	$ -	$ -
Accrued vacation pay	$ -	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ 1,176,991	$ 1,176,991	$ -

(1) Reflects a salary for twelve months.
(2) Reflects the vesting of stock option grants- noncash,

Director Compensation

Our independent non-employee directors are primarily compensated with stock option grants and stock grants to attract and retain qualified candidates to serve on the Board, in addition to a $10,000 cash retainer in consideration of board services. In setting director compensation, we consider the significant amount of time that directors expend in fulfilling their duties to our company as well as the skill-level required by our members of the Board.

The table below sets forth the compensation paid to our non-employee directors during the fiscal year ended September 30, 2024. Ronald P. Erickson did not receive any compensation for their services as directors. The compensation disclosed in the Summary Compensation Table above represents the total compensation for Mr. Erickson.

Name	Stock Awards	Option Awards (7)	Fees Paid	Total
Jon Pepper ((1)	$ 57,750	$ 130,321	$ 10,000	$ 198,071
Ichiro Takesako (2)	57,750	130,321	10,000	198,071
William A. Owens (3)	57,750	130,321	10,000	198,071
John Cronin (4)	7,920	70,007	1,616	79,543
Larry K. Ellingson (5)	7,920	50,860	1,616	60,396
Timothy M. Londergan (6)	7,920	50,860	1,616	60,396
Total	$ 197,011	$ 562,690	$ 34,848	$ 794,549

(1) Mr. Pepper was issued 135,000 shares of our common stock that were valued at $57,750. In addition, Mr. Pepper was issued stock option grants for 579,528 shares of common stock that were valued at the Black-Scholes value of $130,321. Mr. Pepper was paid $10,000 for board services. As of September 30, 2024, Mr. Pepper has stock option grants for 657,028 shares of common stock and warrants to purchase common stock of 40,000 shares.

(2) Mr. Takesako was issued 135,000 shares of our common stock that were valued at $57,750. In addition, Mr. Takesako was issued stock option grants for 579,528 shares of common stock that were valued at the Black-Scholes value of $130.321. Mr. Takesako was paid $10,000 for board services. As of September 30, 2024, Mr. Takesako has stock option grants for 657,028 shares of common stock and warrants to purchase common stock of 40,000 shares.

(3) Mr. Owens was issued 135,000 shares of our common stock that were valued at $57,750. In addition, Mr. Owens was issued stock option grants for 579,528 shares of common stock that were valued at the Black-Scholes value of $130,321. Mr. Owens was paid $10,000 for board services. As of September 30, 2024, Mr. Owens has stock option grants for 579,528 shares of common stock and warrants to purchase common stock of 40,000 shares.

(4) Mr. Cronin was issued 16,164 shares of our common stock that were valued at $7,920. In addition, Mr. Cronin was issued stock option grants for 1,390,411 shares of common stock that were valued at the Black-Scholes value of $70,007 per share. Mr. Crowin was paid $1,616 for board services. As of September 30, 2024, Mr. Cronin has stock option grants for 1,390,411 shares of common stock. Mr. Cronin was appointed as a director in November 2023. Mr. Cronin was appointed our Interim Chief Technology Officer in September 2024.

(5) Mr. Ellingson was issued 16,164 shares of our common stock that were valued at $7,920. In addition, Mr. Ellingson was issued stock option grants for 290,411 shares of common stock that were valued at the Black-Scholes value of $50.860. Mr. Ellingson was paid $1,616 for board services. As of September 30, 2024, Mr. Ellingson has stock option grants for 290,411 shares of common stock. Mr. Ellingson was appointed as a director in November 2023.

(6) Mr. Londergan was issued 16,164 shares of our common stock that were valued at $7,920. In addition, Mr. Londergan was issued stock option grants for 290.411 shares of common stock that were valued at the Black-Scholes value of $50,860. Mr. Londergan was paid $1,616 for board services. As of September 30, 2024, Mr. Londergan has stock option grants for 290,411 shares of common stock. Mr. Londergan resigned on September 6, 2024

(7) These amounts reflect the grant date market value as required by Regulation S-K Item 402(n)(2), computed in accordance with FASB ASC Topic 718. All assumptions made in the valuations are contained and described in footnote 8 to our financial statements for Fiscal 2024 contained in this Annual Report on Form 10-K for the fiscal year ended September 30, 2024. The amounts shown in the table reflect the total fair value on the date of grant and do not necessarily reflect the actual value, if any, that may be realized by the listed executives.

2021 Equity Incentive Plan

On August 12, 2021, we established the Know Labs, Inc. 2021 Equity Incentive Plan (the “2021 Plan”), which was adopted by our stockholders on October 15, 2021. On September 11, 2024, the Board of Directors approved an amendment to the 2021 Plan subject to stockholder approval which was subsequently approved by our stockholders on October 25, 2024 to increase the total number of shares of common stock available for issuance under the 2021 Plan by 18,000,000 shares to 40,000,000, subject to annual increases.

The following summary briefly describes the principal features of the 2021 Plan, as amended, and is qualified in its entirety by reference to the full text of the 2021 Plan, which is filed as an exhibit to this report.

Awards that may be granted include: (a) incentive stock options, (b) non-qualified stock options, (c) stock appreciation rights, (d) restricted awards, (e) performance share awards, and (f) performance compensation awards. These awards offer our officers, employees, consultants and directors the possibility of future value, depending on the long-term price appreciation of our common stock and the award holder's continuing service with our company. All of the permissible types of awards under the 2021 Plan are described in more detail below.

Purposes of 2021 Plan: The purposes of the 2021 Plan are to attract and retain officers, employees and directors for our company and our subsidiaries; motivate them by means of appropriate incentives to achieve long-range goals; provide incentive compensation opportunities; and further align their interests with those of our stockholders through compensation that is based on our common stock.

Administration of the 2021 Plan: The 2021 Plan is administered by our compensation committee (which we refer to as the plan administrator). Among other things, the plan administrator has the authority to select persons who will receive awards, determine the types of awards and the number of shares to be covered by awards, and to establish the terms, conditions, performance criteria, restrictions and other provisions of awards. The plan administrator has authority to establish, amend and rescind rules and regulations relating to the 2021 Plan.

Eligible Recipients: Persons eligible to receive awards under the 2021 Plan will be those officers, employees, consultants, and directors of our company and our subsidiaries who are selected by the plan administrator.

Shares Available Under the 2021 Plan: 20,000,000 shares of our common stock were originally authorized. On August 12, 2021, the Company established the Know Labs, Inc. 2021 Equity Incentive Plan (the "2021 Plan") which was adopted by our shareholders on October 15, 2021. Common stock reserved under the 2021 Plan increased to 22,000,000 shares on January 1, 2022. On October 25, 2024, shareholders approved a Plan Amendment which increased the maximum number of shares of our common stock that may be delivered to participants under the 2021 Plan to 40,000,000.

Shares subject to an award that is settled in cash will not again be made available for grants under the 2021 Plan. As of the date of this report, all shares remain available for issuance under the 2021 Plan. The 2021 Plan also authorizes for issuance the sum of (A) any shares of our common stock that, as of the date of stockholder approval of the 2021 Plan, have been reserved but not issued pursuant to any awards granted under our 2011 Stock Incentive Plan and (B) any shares of our common stock subject to stock options or similar awards granted under our 2011 Stock Incentive Plan that, after the date of stockholder approval of the 2021 Plan, expire or otherwise terminate without having been exercised in full and shares of our common stock issued pursuant to awards granted under our 2011 Stock Incentive Plan that are forfeited to or repurchased by us, with the maximum number of shares of our common stock to be added to the 2021 Plan pursuant to clause (B) equal to 7,592,825.

Automatic Share Reserve Increase: Subject to the provisions of Section 14 of the 2021 Plan, the number of shares available for issuance under the 2021 Plan will be increased on the first day of each calendar year beginning January 1, 2022 and ending on and including January 1, 2030 in an amount equal to the least of (i) 2,000,000 shares of our common stock, (ii) four percent (4%) of the outstanding shares of our common stock on the last day of the immediately preceding fiscal year or (iii) such number of shares of our common stock determined by our board of directors; provided, that such determination under clause (iii) will be made no later than the last day of the immediately preceding fiscal year.

Stock Options: Stock options give the option holder the right to acquire from us a designated number of shares of common stock at a purchase price that is fixed upon the grant of the option. The exercise price will not be less than the market price of the common stock on the date of grant. Stock options granted may be either tax-qualified stock options (so-called "incentive stock options") or non-qualified stock options.

General. Subject to the provisions of the 2021 Plan, the plan administrator has the authority to determine all grants of stock options. That determination will include: (i) the number of shares subject to any option; (ii) the exercise price per share; (iii) the expiration date of the option; (iv) the manner, time and date of permitted exercise; (v) other restrictions, if any, on the option or the shares underlying the option; and (vi) any other terms and conditions as the plan administrator may determine.

Option Price. The exercise price for stock options will be determined at the time of grant. Normally, the exercise price will not be less than the fair market value on the date of grant. As a matter of tax law, the exercise price for any incentive stock option awarded may not be less than the fair market value of the shares on the date of grant. However, incentive stock option grants to any person owning more than 10% of our voting stock must have an exercise price of not less than 110% of the fair market value on the grant date.

Exercise of Options. An option may be exercised only in accordance with the terms and conditions for the option agreement as established by the plan administrator at the time of the grant. The option must be exercised by notice to us, accompanied by payment of the exercise price. Payments may be made in cash or, at the option of the plan administrator, by actual or constructive delivery of shares of common stock to the holder of the option based upon the fair market value of the shares on the date of exercise.

Expiration or Termination. Options, if not previously exercised, will expire on the expiration date established by the plan administrator at the time of grant. In the case of incentive stock options, such term cannot exceed ten years provided that in the case of holders of more than 10% of our voting stock, such term cannot exceed five years. Options will terminate before their expiration date if the holder's service with our company or a subsidiary terminates before the expiration date. The option may remain exercisable for specified periods after certain terminations of employment, including terminations as a result of death, disability or retirement, with the precise period during which the option may be exercised to be established by the plan administrator and reflected in the grant evidencing the award.

Incentive and Non-Qualified Options. As described elsewhere in this summary, an incentive stock option is an option that is intended to qualify under certain provisions of the Internal Revenue Code of 1986, as amended, or the Code, for more favorable tax treatment than applies to non-qualified stock options. Any option that does not qualify as an incentive stock option will be a non-qualified stock option. Under the Code, certain restrictions apply to incentive stock options. For example, the exercise price for incentive stock options may not be less than the fair market value of the shares on the grant date and the term of the option may not exceed ten years. In addition, an incentive stock option may not be transferred, other than by will or the laws of descent and distribution, and is exercisable during the holder's lifetime only by the holder. In addition, no incentive stock options may be granted to a holder that is first exercisable in a single year if that option, together with all incentive stock options previously granted to the holder that also first become exercisable in that year, relate to shares having an aggregate market value in excess of $100,000, measured at the grant date.

Stock Appreciation Rights: Stock appreciation rights, or SARs, which may be granted alone or in tandem with options, have an economic value similar to that of options. When a SAR for a particular number of shares is exercised, the holder receives a payment equal to the difference between the market price of the shares on the date of exercise and the exercise price of the shares under the SAR. The exercise price for SARs normally is the market price of the shares on the date the SAR is granted. Under the 2021 Plan, holders of SARs may receive this payment — the appreciation value — either in cash or shares of common stock valued at the fair market value on the date of exercise. The form of payment will be determined by us.

Stock Awards: Restricted shares are shares of common stock awarded to participants at no cost. Restricted shares can take the form of awards of restricted stock, which represent issued and outstanding shares of our common stock subject to vesting criteria, or restricted stock units, which represent the right to receive shares of our common stock, subject to satisfaction of the vesting criteria. Those may include requirements for continuous service and/or the achievement of specified performance goals. Restricted shares are forfeitable and non-transferable until the shares vest. The vesting date or dates and other conditions for vesting are established when the shares are awarded.

Cash Awards: A cash award is an award that may be in the form of cash or shares of common stock or a combination, based on the attainment of pre-established performance goals and other conditions, restrictions and contingencies identified by the plan administrator.

Section 162(m) of the Code: Section 162(m) of the Code limits publicly-held companies to an annual deduction for U.S. federal income tax purposes of $1.0 million for compensation paid to each of their principal executive officer or principal financial officer and their three highest compensated executive officers (other than the principal executive officer or principal financial officer) determined at the end of each year, referred to as covered employees.

Performance Criteria*:* Under the 2021 Plan, one or more performance criteria will be used by the plan administrator in establishing performance goals. Any one or more of the performance criteria may be used on an absolute or relative basis to measure the performance of our company, as the plan administrator may deem appropriate, or as compared to the performance of a group of comparable companies or published or special index that the plan administrator deems appropriate. In determining the actual size of an individual performance compensation award, the plan administrator may reduce or eliminate the amount of the award through the use of negative discretion if, in its sole judgment, such reduction or elimination is appropriate. The plan administrator shall not have the discretion to (i) grant or provide payment in respect of performance compensation awards if the performance goals have not been attained or (ii) increase a performance compensation award above the maximum amount payable under the 2021 Plan.

Other Material Provisions: Awards will be evidenced by a written agreement, in such form as may be approved by the plan administrator. In the event of various changes to the capitalization of our company, such as stock splits, stock dividends and similar re-capitalizations, an appropriate adjustment will be made by the plan administrator to the number of shares covered by outstanding awards or to the exercise price of such awards. The plan administrator is also permitted to include in the written agreement provisions that provide for certain changes in the award in the event of a change of control of our company, including acceleration of vesting. Except as otherwise determined by the plan administrator at the date of grant, awards will not be transferable, other than by will or the laws of descent and distribution. Prior to any award distribution, we are permitted to deduct or withhold amounts sufficient to satisfy any employee withholding tax requirements. Our board also has the authority, at any time, to discontinue the granting of awards. The board also has the authority to alter or amend the 2021 Plan or any outstanding award or may terminate the 2021 Plan as to further grants, provided that no amendment will, without the approval of our stockholders, to the extent that such approval is required by law or the rules of an applicable exchange, increase the number of shares available under the 2021 Plan, change the persons eligible for awards under the 2021 Plan, extend the time within which awards may be made, or amend the provisions of the 2021 Plan related to amendments. No amendment that would adversely affect any outstanding award made under the 2021 Plan can be made without the consent of the holder of such award.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of September 30, 2024, to the extent known by us or ascertainable from public filings, for (i) each of our named executive officers and directors; (ii) all of our named executive officers and directors as a group; and (iii) each other stockholder known by us to be the beneficial owner of more than 5% of our outstanding common stock. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o our company, 619 Western Avenue, Suite 610, Seattle, WA 98104.

	Shares Beneficially Owned (1) (2)	
Name of Beneficial Owner	Amount	Percentage
Directors and Officers-		
Ronald P. Erickson (3)	13,870,751	11.5%
Peter J. Conley (4)	1,510,313	1.4%
William A. Owens (5)	1,567,231	1.4%
Jon Pepper (6)	1,211,028	1.1%
Ichiro Takesako (7)	852,028	*
John Cronin (8)	506,575	*
Larry K. Ellingson (9)	306,575	*
All executive officers and directors (7 persons)	19,824,501	15.9%

* Less than 1%

(1) Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares that such person or any member of such group has the right to acquire within sixty (60) days. For purposes of computing the percentage of outstanding shares of our common stock held by each person or group of persons named above, any shares that such person or persons has the right to acquire within sixty (60) days of September 30, 2024 are deemed to be outstanding for such person, but not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares listed as beneficially owned does not constitute an admission of beneficial ownership by any person.

(2) Based on 108,001,782 shares of common stock issued and outstanding as of September 30, 2024.

(3) Consists of (i) 1,488,085 shares of shares of our common stock beneficially owned by Ronald P. Erickson or entities controlled by Mr. Erickson, (ii) 3,751,736 shares of our common stock issuable upon the exercise of options exercisable within 60 days, (iii) 3,894,666 shares of our common stock issuable upon the exercise of warrants that are exercisable within 60 days, and (iv) 4,736,264 shares of our common stock issuable upon the conversion of convertible notes that are convertible within 60 days.

(4) Consists of (i) 10,000 shares of our common stock held directly by Peter Conley and (ii) 1,500,313 shares of our common stock issuable upon the exercise of options exercisable within 60 days.

(5) Consists of (i) 947,703 shares of our common stock held directly by William A Owens, (ii) 579,528 shares of our common stock issuable upon the exercise of options exercisable within 60 days, and (iii) 40,000 shares of our common stock issuable upon the exercise of warrants that are exercisable within 60 days.

(6) Consists of (i) 514,000 shares of our common stock held directly by Jon Pepper, (ii) 657,028 shares of our common stock issuable upon the exercise of options exercisable within 60 days and (iii) 40,000 shares of our common stock issuable upon the exercise of warrants exercisable within 60 days.

(7) Consists of (i) 155,000 shares of our common stock held directly by Ichiro Takesako, (ii) 657,028 shares of our common stock issuable upon the exercise of options exercisable within 60 days and (iii) 40,000 shares of our common stock issuable upon the exercise of warrants exercisable within 60 days.

(8) Consists of (i) 16,164 shares of our common stock held directly by John Cronin and (ii) 490,411 shares of our common stock issuable upon the exercise of options exercisable within 60 days.

(9) Consists of (i) 16,164 shares of our common stock held directly by Larry K. Ellingson and (ii) 290,411 shares of our common stock issuable upon the exercise of options exercisable within 60 days.

	Shares Beneficially Owned	
	Amount	Percentage
Greater Than 5% Ownership		
Clayton A. Struve (1)	30,255,913	23.2%
	Blocker at 4.99%	
Todd Baszucki (2)	18,200,000	16.7%
Ronald P. Erickson (3)	13,870,751	11.5%
Lind Global Fund II LP (4)	10,386,697	8.8%
	Blocker at 4.99%-9.99%	

(1) Consists of (i) 7,747,688 shares of our common stock, (ii) 10,115,869 shares of our common stock issuable upon the exercise of warrants, (iii) 5,000,000 shares of our common stock issuable upon the conversion of our Series C Convertible Preferred Stock, (iv) 3,108,356 shares of our common stock issuable upon the conversion of our Series D Convertible Preferred Stock and (v) 4,284,000 shares of our common stock issuable upon the conversion of convertible notes; and excludes additional shares of preferred stock issuable as accreted preferred dividends pursuant to terms of the Series C and D Convertible Preferred Stock. All of the warrants, Series C Convertible Preferred Stock, Series D Convertible Preferred Stock and convertible notes held by Mr. Struve are subject to a 4.99% blocker pursuant to which shares of our common stock may not be issued to the extent that such issuance would cause Mr. Struve to beneficially own more than 4.99% of our common stock. The address of Mr. Struve is 175 West Jackson Blvd., Suite 440, Chicago, IL 60604.

(2) Includes (i) 17,200,000 shares of our common stock held directly by Todd Baszucki and (ii) 1,000,000 shares of our common stock issuable upon the exercise of warrants. The address for Mr. Baszucki is 395 Del Monte Center, Unit 306, Monterey, CA 93940.

(3) See above for Ronald P. Erickson or entities controlled by Mr. Erickson. The address for Mr. Erickson is 619 Western Avenue, Suite 610, Seattle, WA 98104.

(4) Consists of (i) 546,697 shares of our common stock, (ii) 3,840,000 shares of our common stock issuable upon the conversion of convertible notes and (iii) 6,000,000 shares of our common stock issuable upon the exercise of warrants. The address for Lind Global Fund II LP is 444 Madison Street, Floor 41, New York, NY 10022, care of the Lind Partners LLC.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth certain information about the securities authorized for issuance under our incentive plans as of September 30, 2024.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan
Equity compensation plan approved by shareholders	27,506,731	$ 0.814	8,952,081
Equity compensation plans not approved by shareholders	-	-	-
Total	27,506,731	$ 0.814	8,952,081

On August 12, 2021, we established the 2021 Plan, which was adopted by our stockholders on October 15, 2021. The maximum number of shares of common stock that may be issued pursuant to awards granted under the 2021 Plan is 22,000,000 shares and all of these shares remained available for issuance as of September 30, 2024. See Item 11 "*Executive Compensation—2021 Equity Incentive Plan*" for a complete description of the 2021 Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Transactions with Related Persons

The following includes a summary of transactions since the beginning of our 2022 fiscal year, or any currently proposed transaction, in which we were or are to be a participant and the amount involved exceeded or exceeds the lesser of $120,000 or one percent of the average of our total assets at year-end for the last three completed fiscal years, and in which any related person had or will have a direct or indirect material interest (other than compensation described under "*Executive Compensation*" above). We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, in arm's-length transactions.

Transactions with Clayton Struve

On December 7, 2022, we signed an Extension of Warrant Agreement with Clayton Struve, extending the exercise dates as follows:

Warrant No./Class	Issue Date	No. Warrant Shares	Exercise Price	Current Expiration Date	Amended Expiration Date
Clayton A. Struve Warrant	08-14-2017	1,440,000	$ 0.25	08-13-2024	08-13-2025
Clayton A. Struve Warrant	12-12-2017	1,200,000	$ 0.25	12-11-2024	12-11-2025
Clayton A. Struve Warrant	08-04-2016	1,785,715	$ 0.25	08-04-2024	08-04-2025
Clayton A. Struve Warrant	02-28-2018	1,344,000	$ 0.25	02-28-2024	02-28-2025

On December 7, 2022, we signed an Extension of Warrant Agreement with Clayton Struve, extending the exercise dates. We recorded interest expense of $194,019 during the year ended September 30, 2023 related to the extension of the warrants. We recorded the original value of warrants in equity and as such, we recorded the extension value as an expense with an offset to additional paid in capital.

Convertible Promissory Notes with Clayton A. Struve

See *"Description of Securities*" for the terms of our convertible promissory notes with Clayton A. Struve.

Series C and D Convertible Preferred Stock, Warrants and Dividends

See "*Description of Securities*" for the terms of our Series C and D Convertible Preferred Stock, warrants and dividends.

On June 27, 2023, at Mr. Struve's request, we settled all cash dividends with respect to the Series D Convertible Preferred Stock accrued and accumulated through December 31, 2022 in exchange for the issuance to Mr. Struve of 1,402,784 shares of our common stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. In connection with this transaction, we recorded $1,627,230 in dividends, representing the fair market value of the 1,402,784 shares issued. On June 18, 2024, Mr. Struve converted dividends of $800,384 into 3,201,534 shares of our common stock related to the conversion of Series C and D Convertible Preferred Stock.

Extension of Warrant with Clayton A. Struve

On March 19, 2024, we signed an Extension of Warrant Agreement with Clayton Struve, extending the exercise date on 500,000 shares to March 19, 2026.

Transactions with Ronald P. Erickson

See *"Description of Securities*" for the terms of our convertible promissory notes with Ronald P. Erickson and J3E2A2Z, an entity affiliated controlled by Ronald P. Erickson.

On November 4, 2019, we granted a stock option grant to Ronald P. Erickson for 1,200,000 shares with an exercise price of $1.10 per share. The performance grant expires November 4, 2024 and vests upon uplisting to the NASDAQ or NYSE exchanges. Our common stock began trading on NYSE American under the symbol "KNW" on September 16, 2022 and we expensed $1,207,200 during the year ended September 30, 2022.

On December 15, 2020, we issued a stock option grant to Ronald P. Erickson for 1,865,675 shares at an exercise price of $1.53 per share. The stock option grant expires in five years. The grant vests in increments if the market capitalization of our commons stock exceeds for 20 consecutive trading days starting at $100 million to $1 billion. We estimated at grant date the fair value of these options at approximately $520,869 which is being amortized over 5 years. As of September 30, 2024 we recorded a cumulative expense of $384,664. We are valuing this stock option using the Monte Carlo pricing model which included key assumptions of 100% stock volatility, five year life and no forfeitures. The stock option grant was not vested as of September 30, 2024.

On December 15, 2020, we issued a stock option grant to Ronald P. Erickson for 1,865,675 shares at an exercise price of $1.53 per share. The stock option grant expires in five years. Our common stock began trading on NYSE American under the symbol "KNW" on September 16, 2022 and we expensed $263,593 during the year ended September 30, 2022. The stock option grants vest when earned based on certain performance criteria.

On December 16, 2021, we issued a stock option grant to Ronald P. Erickson for 1,000,000 shares at an exercise price of $2.09 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years.

On December 14, 2022, we issued a stock option grant to Ronald P. Erickson for 1,000,000 shares at an exercise price of $1.41 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years.

On January 19, 2023, we signed an Extension of Warrant Agreement with Ronald P. Erickson and an entity controlled by Mr. Erickson, extending the exercise dates from January 30, 2023 to January 30, 2024.

On October 10, 2023, we issued a stock option grant to Ronald P. Erickson for 4,640,844 shares at an exercise price of $0.25 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years.

On January 30, 2024, we signed an Extension of Warrant Agreement with Ronald P. Erickson and an entity controlled by Mr. Erickson, extending the exercise dates from January 30, 2024 to January 31, 2026.

Transactions with Peter J. Conley

On May 20, 2022, we issued a stock option grant to Mr. Conley for 1,000,000 shares at an exercise price of $1.48 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years, with no vesting during the first six months.

On October 10, 2023, we issued a stock option grant to Peter J. Conley for 3,001,000 shares at an exercise price of $0.25 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years.

Transactions with Directors

On January 5, 2022, we issued 30,000 shares each to three directors for services rendered during 2021.

On January 5, 2022, we issued 20,000 warrants to purchase common stock each to three directors at an exercise price of $1.70 per share. The warrants expire on January 5, 2027.

On February 15, 2023, we issued stock option grants to two directors for a total of 50,000 shares at an exercise price of $1.24 per share. The stock option grant expires in five years. The stock option grants vested at issuance.

Mr. Cronin has served as an independent director since November 2023. Mr. Cronin is an experienced inventor and intellectual property strategist. Mr. Cronin is Chairman and CEO of ipCapital Group, Inc. As of the year ended September 30, 2024 and 2023, we have paid ipCapital Group approximately $390,000 and $713,000, respectively in professional fees.

During the year ended September 30, 2024, we issued 453,492 shares of our common stock total to six directors at $0.434 per share for director services for a total value of $196,816 which was expensed during the year ended September 30, 2024.

During the year ended September 30, 2024, we issued stock option grants to seven directors for a total of 3,809,817 shares at an average exercise price of $0.41 per share. The stock option grant expires in five years. The stock option grants vested at issuance.

Director Independence

NYSE American listing standards require that a majority of the Board be independent. For a discussion of the independence of the members of the Board, refer above to Part III, Item 10 – Directors, Executive Officers and Corporate Governance.

Indemnification

Our articles of incorporation provide that we will indemnify our directors and officers to the fullest extent permitted by Nevada law. In addition, we have Indemnification Agreements with the current Board of Directors.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Audit Committee Pre-Approval Policy

The Audit Committee has established a pre-approval policy and procedures for audit, audit-related and tax services that can be performed by the independent auditors without specific authorization from the Audit Committee subject to certain restrictions. The policy sets out the specific services pre-approved by the Audit Committee and the applicable limitations, while ensuring the independence of the independent auditors to audit our financial statements is not impaired. The pre-approval policy does not include a delegation to management of the Audit Committee's responsibilities under the Exchange Act. During the year ended September 30, 2023 and 2024, the Audit Committee pre-approved all audit and permissible non-audit services provided by our independent auditors.

Service Fees Paid to the Independent Registered Public Accounting Firm

The Audit Committee engaged BPM LLP to perform an annual audit of our financial statements for the fiscal year ended September 30, 2024 and 2023. The following is the breakdown of aggregate fees for the last two fiscal years. Another tax firm prepares our tax returns.

	Year Ended September 30, 2024	Year Ended September 30, 2023
Audit fees	$ 208,650	$ 220,420
Tax fees	-	-
All other fees	160,500	98,440
	$ 369,150	$ 318,860

-_”Audit Fees” are fees paid for professional services for the audit and quarterly reviews of our financial statements.

- “Audit-Related fees” are fees paid for professional services not included in audit fees.

- “Tax Fees” are fees primarily for tax compliance in connection with filing US income tax returns.

- “All other fees” related to the reviews of Registration Statements on Form S-1 and S-3.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES.

(a) ***List of Documents Filed as a Part of This Report:***

The Company's financial statements, as indicated by the Index to Consolidated Financial Statements set forth below, begin on page F-1. Financial statement schedules have been omitted because they are not applicable or the required information is included in the financial statements or notes thereto.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Index *to Financial Statement Schedules:*

All schedules have been omitted because the required information is included in the financial statements or the notes thereto, or because it is not required.

(3) Index *to Exhibits:*

See exhibits listed under Part (b) below.

(b) *Exhibits:*

Exhibit No.	Description
3.1	Restatement of the Articles of Incorporation, dated August 11, 2023 (incorporated by reference to the Company's Current Report on Form 8-K, field August 14, 2023)
3.2	Second Amended and Restated Bylaws, dated October 15, 2021 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 7, 2021)
3.3	Amended and Restated Series C Certificate of Designation, dated August 11, 2023 (incorporated by reference to the Company's Current Report on Form 8-K filed August 14, 2023)
3.4	Third Amended and Restated Series D Certificate of Designation, dated August 11, 2023 (incorporated by reference to the Company's Current Report on Form 8-K filed August 14, 2023)
3.5	Series D Certificate of Correction of Know Labs, Inc., dated August 11, 2023 (incorporated by reference to the Company's Current Report on Form 8-K filed August 14, 2023)
3.6	Series C Certificate of Correction of Know Labs, Inc., dated August 11, 2023 (incorporated by reference to the Company's Current Report on Form 8-K filed August 14, 2023)
3.7	Certificate of Withdrawal of Series F Preferred Stock, dated August 11, 2023 (incorporated by reference to the Company's Current Report on Form 8-K filed August 14, 2023)
3.8	Certificate of Designation of Series F Preferred Stock (incorporated by reference to the Company's Current Report on Form 8-K, filed August 3, 2018)
3.9	Certificate of Amendment to Articles of Incorporation, dated October 29, 2024 (incorporated by reference to the Company's Current Report on Form 8-K filed, filed October 30, 2024
4.1†	Know Labs, Inc. 2021 Equity Incentive Plan, as amended (incorporated by reference to the Company's Form 8-K, filed October 30, 2024)
4.2*	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
10.1	Form of Preferred Stock and Warrant Purchase Agreement, Form of Amended and Restated Registration Rights Agreement, and Form of Series F Warrant to Purchase common stock by and between Visualant, Incorporated and Clayton A. Struve (incorporated by reference to the Company's Current Report on Form 8-K, filed May 5, 2017)
10.2	Securities Purchase Agreement dated August 14, 2017 by and between Visualant, Incorporated and accredited investor (incorporated by reference to the Company's Current Report on Form 8-K, filed August 18, 2017)
10.3	Senior Secured Convertible Redeemable Debenture dated December 12, 2017 by and between Visualant, Incorporated and accredited investor. (incorporated by reference to the Company's Current Report on Form 8-K, filed December 22, 2017)
10.4	Senior Secured Convertible Redeemable Debenture dated February 28, 2018 by and between Visualant, Incorporated and accredited investor. (incorporated by reference to the Company's Current Report on Form 8-K, filed March 7, 2018)
10.5	Note and Account Payable Conversion Agreement and related notes and warrants dated January 31, 2018 by and between Visualant, Incorporated and J3E2A2Z LP (incorporated by reference to the Company's Current Report on Form 8-K, filed March 21, 2018)
10.6†	Amended Employment Agreement dated April 10, 2018 by and between Visualant, Incorporated and Ronald P. Erickson. (incorporated by reference to the Company's Annual Report on Form 10-K, filed December 21, 2018)
10.7†	Employment Agreement dated May 13, 2022 by and between Know Labs, Inc. and Peter Conley. (incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed August 12, 2022)
10.8	Common Stock Purchase Warrant issued by Know Labs, Inc. to Boustead Securities, LLC on September 20, 2022 (incorporated by reference to the Company's Current Report on Form 8-K, filed September 21, 2022)
10.9	Extension of Warrant Agreement dated December 7, 2022 by and between Know Labs, Inc. and Clayton A. Struve (incorporated by reference to the Company's Current Report on Form 8-K, filed December 9, 2022)
10.10	Extension of Warrant Agreement dated January 19, 2023 by and between Know Labs, Inc. and Ronald P. Erickson (incorporated by reference to the Company's Current Report on Form 8-K, filed January 23, 2023).
10.11	Extension of Warrant Agreement dated January 19, 2023 by and between Know Labs, Inc. and J3E2A2Z LP (incorporated by reference to the Company's Current Report on Form 8-K, filed January 23, 2023).
10.12	Amendment 11 dated October 22, 2024 to Convertible Redeemable Promissory Note dated January 31, 2018, by and between Know Labs, Inc. and J3E2A2Z LP (incorporated by reference to the Company's Current Report on Form 8-K, filed October 25, 2024).
10.13	Amendment 11 dated October 22, 2024 to Convertible Redeemable Promissory Note dated January 31, 2018, by and between Know Labs, Inc. and J3E2A2Z LP (incorporated by reference to the Company's Current Report on Form 8-K, filed October 15, 2024).
10.14	Amendment 9 dated September 15, 2023 to Senior Secured Convertible Redeemable Note dated September 30, 2016 by and between Know Labs, Inc. and Clayton A. Struve (incorporated by reference to the Company's Current Report on Form 8-K, filed September 19, 2023).
10.15	Amendment 9 dated September 15, 2023 to Senior Secured Convertible Redeemable Note dated August 14, 2017 by and between Know Labs, Inc. and Clayton A. Struve (incorporated by reference to the Company's Current Report on Form 8-K, filed September 19, 2023).
10.16	Amendment 9 dated September 15, 2023 to Senior Secured Convertible Redeemable Note dated December 12, 2017 by and between Know Labs, Inc. and Clayton A. Struve (incorporated by reference to the Company's Current Report on Form 8-K, filed September 19, 2023).

10.17	Amendment 8 dated September 15, 2023 to Senior Secured Convertible Redeemable Note dated February 28, 2018 by and between Know Labs, Inc. and Clayton A. Struve (incorporated by reference to the Company's Current Report on Form 8-K, filed September 19, 2023).
10.18	Underwriting Agreement, dated September 26, 2023, between Know Labs, Inc., Boustead Securities, LLC and The Benchmark Company, LLC (incorporated by reference to the Company's Current Report on Form 8-K, filed September 29, 2023).
10.19	Common Stock Purchase Warrant issued by Know Labs, Inc. to Boustead Securities, LLC on September 29, 2023 (incorporated by reference to the Company's Current Report on Form 8-K, filed September 29, 2023).
10.20	Common Stock Purchase Warrant issued by Know Labs, Inc. to The Benchmark Company, LLC on September 29, 2023 (incorporated by reference to the Company's Current Report on Form 8-K, filed September 29, 2023).
10.21	Securities Purchase Agreement, dated February 27, 2024, between Know Labs, Inc. and Lind Global II, LP (incorporated by reference to the Company's Current Report on Form 8-K, filed February 29, 2024).
10.22	Form of Convertible Secured Promissory Note issued by Know Labs, Inc. to Lind Global II, LP on February 27, 2024 (incorporated by reference to the Company's Current Report on Form 8-K, filed February 29, 2024).
10.23	Form of Warrant to Purchase Common Stock issued by Know Labs, Inc. to Lind Global II, LP on February 27, 2024 (incorporated by reference to the Company's Current Report on Form 8-K, filed February 29, 2024).
10.24	Security Agreement, dated February 27, 2024, between Know Labs, Inc. and Lind Global II, LP (incorporated by reference to the Company's Current Report on Form 8-K, filed February 29, 2024).
10.25	Guaranty dated February 27, 2024, between Know Labs, Inc. and Lind Global II, LP (incorporated by reference to the Company's Current Report on Form 8-K, filed February 29, 2024).
10.26	At the Market Offering Agreement, dated March 20, 2024, by and between Know Labs, Inc. and The Benchmark Company, LLC (incorporated by reference to the Company's Current Report on Form 8-K, filed March 20, 2024).
10.27	Underwriting Agreement, dated August 7, 2024, between the Company, Boustead Securities, LLC and The Benchmark Company, LLC, as representatives of the underwriters named therein (incorporated by reference to the Company's Current Report on Form 8-K, filed August 13, 2024).
10.28	Form of Warrant (incorporated by reference to the Company's Current Report on Form 8-K, filed August 13, 2024).
10.29	Unit Purchase Option, dated August 9, 2024, between the Company and Sutter Securities Group, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed August 13, 2024).
10.30	Unit Purchase Option, dated August 9, 2024, between the Company and The Benchmark Company, LLC (incorporated by reference to the Company's Current Report on Form 8-K, filed August 13, 2024).
10.31	Warrant Agency Agreement, August 9, 2024, between the Company and Equity Trust Company, LLC (incorporated by reference to the Company's Current Report on Form 8-K, filed August 13, 2024).
10.32	Form of Subscription Agreement (incorporated by reference to the Company's Current Report on Form 8-K, filed August 16, 2024).
10.33	Form of Warrant (incorporated by reference to the Company's Current Report on Form 8-K, filed August 16, 2024).
10.34	Warrant Agency Agreement, August 15, 2024, between the Company and Equinity Trust Company, LLC (incorporated by reference to the Company's Current Report on Form 8-K, filed August 16, 2024).
19*	Insider Trading Policy of Know Labs, Inc. dated November 2018.
14.1	Code of Ethics dated November 2018 (incorporated by reference to the Company's Current Report on Form 8-K, filed November 27, 2018)
21.1*	Subsidiaries of the Registrant.
31.1*	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Audit Committee Charter dated November 2018 (incorporated by reference to the Company's Current Report on Form 8-K, filed November 27, 2018)
99.2	Compensation Committee Charter dated November 2018 (incorporated by reference to the Company's Current Report on Form 8-K, filed November 27, 2018)
99.3	Nominations and Corporate Governance Committee Charter dated November 2018 (incorporated by reference to the Company's Current Report on Form 8-K, filed November 27, 2018)
97.1	Know Labs, Inc. Compensation Recovery Policy dated November 28, 2023 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 1, 2023)
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL 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 Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover page from the Company's Annual Report on Form 10-K for the year ended September 30, 2023 formatted in Inline XBRL (included in Exhibit 101).

* Filed herewith

† Executive compensation plan or arrangement

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Know Labs, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Know Labs, Inc. and its subsidiaries (the Company) as of September 30, 2024 and 2023, and the related consolidated statements of operations, stockholders' (deficit) equity, and cash flows for each of the two years in the period ended September 30, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended September 30, 2024 in conformity with the accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations and has an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Accounting for the Issuance of Convertible Debt and Warrants

As described in Notes 6 and 7 to the consolidated financial statements, on February 27, 2024, the Company entered into a securities purchase agreement involving the issuance of senior convertible notes and warrants. The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives requiring bifurcation in accordance with ASC Topic 815, Derivatives and Hedging. The Company concluded that the warrants issued on February 27, 2024 met the requirements for equity classification. The Company allocated the face value and the issuance costs to the convertible notes and the warrants based on their relative fair values.

The principal considerations for our determination that performing procedures related to the issuance of the convertible debt and warrants is a critical audit matter are due to the complexity of these transactions and the significant estimates involved, as well as the nature and extent of audit effort required to obtain sufficient appropriate audit evidence to address the risks of material misstatements related to the classification and valuation of the allocation between the convertible debt and warrants. The nature and extent of audit effort required to address the matter includes involvement of more experienced engagement team members and discussions related to the matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included inspecting the securities purchase agreement to identify relevant terms and conditions that affect whether the warrants are derivatives or contain features that qualify as embedded derivatives, evaluating whether the warrants are derivatives or contain features that qualify as embedded derivatives, obtaining an understanding of the process of estimating the fair value of the instruments and utilizing personnel with specialized knowledge and skill in the relevant technical accounting guidance to evaluate the appropriateness of the Company's application of the relevant technical guidance. Our procedures also included reviewing the calculation of the allocation of the relative fair value of the convertible notes and warrants and amortization of the related issuance costs.

/s/ BPM LLP

We have served as the Company's auditor since October 2019.

Santa Rosa, California
November 14, 2024

KNOW LABS, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2024	September 30, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,110,755	$ 8,023,716
Total current assets	3,110,755	8,023,716
PROPERTY AND EQUIPMENT, NET	66,796	81,325
OTHER ASSETS		
Other assets	149,174	15,766
Operating lease right-of-use asset	337,703	145,090
TOTAL ASSETS	$ 3,664,428	$ 8,265,897
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
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	5,163,379	4,521,985
NON-CURRENT LIABILITIES:		
Operating lease liability, net of current portion	249,728	-
Non-current portion of convertible notes payable, net	407,522	-
Total liabilities	5,820,629	4,521,985
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	(2,156,201)	3,743,912
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	$ 3,664,428	$ 8,265,897

The accompanying notes are an integral part of these consolidated financial statements.

KNOW LABS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	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

The accompanying notes are an integral part of these consolidated financial statements.

KNOW LABS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' (DEFICIT) EQUITY

	Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as of October 1, 2022	17,858	$ 1,790	10,161	$ 1,015	48,156,062	$ 48,158	$ 111,209,388	$ (101,397,738)	$ 9,862,613
Stock compensation expense - employee options	-	-	-	-	-	-	2,955,933	-	2,955,933
Issuance of common stock for stock option exercises	-	-	-	-	166,890	166	4,521	-	4,687
Issuance of common stock for exercise of warrants	-	-	-	-	2,632,727	2,631	384,703	-	387,334
Common stock dividends on Series D Preferred Stock	-	-	-	-	1,402,784	1,403	1,625,827	(1,627,230)	-
Deemed dividends on Series C and D Preferred Stock	-	-	-	-	-	-	3,526,653	(3,526,653)	-
Isssuance of common stock for common stock offering	-	-	-	-	28,000,000	28,000	5,444,791	-	5,472,791
Expenses for extension of notes and warrants	-	-	-	-	-	-	349,721	-	349,721
Net loss	-	-	-	-	-	-	-	(15,289,167)	(15,289,167)
Balance as of September 30, 2023	17,858	1,790	10,161	1,015	80,358,463	80,358	125,501,537	(121,840,788)	3,743,912
Stock compensation expense - employee options	-	-	-	-	-	-	2,957,559	-	2,957,559
Issuance of common stock for stock option exercises	-	-	-	-	96,154	-	-	-	-
Issuance of common stock for services	-	-	-	-	453,492	452	196,558	-	197,010
Issuance of common stock for exercise of warrants	-	-	-	-	853,348	853	6,947	-	7,800
Common stock dividends on Series C and D Preferred Stock	-	-	-	-	3,201,534	3,202	(3,202)	-	-
Deemed dividends on Series C and D Preferred Stock	-	-	-	-	-	-	313,536	(313,536)	-
Isssuance of common stock for common stock offering	-	-	-	-	22,485,946	22,506	5,170,756	-	5,193,262
Issuance of shares and warrants in connection with debt offering	-	-	-	-	102,302	103	1,490,949	-	1,491,052
Expenses for extension of notes and warrants	-	-	-	-	-	-	594,761	-	594,761
Issuance of common stock for debt payment	-	-	-	-	546,697	547	239,453	-	240,000
Net loss	-	-	-	-	-	-	-	(16,581,558)	(16,581,558)
Balance as of September 30, 2024	17,858	$ 1,790	10,161	$ 1,015	108,097,936	$ 108,021	$ 136,468,855	$ (138,735,882)	$ (2,156,201)

The accompanying notes are an integral part of these consolidated financial statements.

KNOW LABS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended,	
	September 30, 2024	September 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
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
NET CASH (USED IN) OPERATING ACTIVITIES	(12,829,350)	(10,353,991)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of research and development equipment	(66,352)	(80,797)
NET CASH (USED IN) INVESTING ACTIVITIES:	(66,352)	(80,797)
CASH FLOWS FROM FINANCING ACTIVITIES:		
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
NET CASH PROVIDED BY FINANCING ACTIVITIES	7,982,741	5,864,812
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,912,961)	(4,569,976)
CASH AND CASH EQUIVALENTS, beginning of period	8,023,716	12,593,692
CASH AND CASH EQUIVALENTS, end of period	$ 3,110,755	$ 8,023,716
Supplemental disclosures of cash flow information:		
Interest paid	$ 241,000	$ 140,000
Taxes paid	$ -	$ -
Supplemental disclosure of non-cash financing activity:		
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

The accompanying notes are an integral part of these consolidated financial statements.

KNOW LABS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Know Labs, Inc. (the "Company") was incorporated under the laws of the State of Nevada in 1998. The Company currently has authorized 305,000,000 shares of capital stock, of which 300,000,000 are shares of voting common stock, par value $0.001 per share, and 5,000,000 are shares preferred stock, par value $0.001 per share.

The Company is focused on the development and commercialization of our proprietary sensor technology utilizing radio and microwave spectroscopy. When paired with our machine learning platform, our technology is capable of uniquely identifying and measuring almost any material or analyte using electromagnetic energy to detect, record, identify, and measure the unique "signature" of said materials or analytes.

The first application of our sensor technology is in a product to non-invasively monitor blood glucose levels. Our device will provide the user with real-time information on their blood glucose levels. We launched the Generation 2 working prototype device during the three months ended March 31, 2024. This device embodies the sensor which has been used in internal clinical testing. The device, which is a wearable format and may be a final form factor, ready for commercialization. That device will be utilized in expanded internal and external testing. The device may be refined over time and will require FDA clearance prior to entering the market.

2. LIQUIDITY AND GOING CONCERN

The Company has cash and cash equivalents of $3,110,755 and a net working capital deficit of $2,052,624 of as of September 30, 2024. The Company anticipates that it will record losses from operations for the foreseeable future. The Company's ability to transition profitable operations is dependent upon achieving a level of revenues adequate to support its cost structure. The Company believes that it has enough available cash and flexibility with its operating expenses to operate until February 28, 2025.

On February 27, 2024, the Company (a) entered into a securities purchase agreement with Lind Global Fund II LP pursuant to which the Company may issue to Lind Global Fund II LP one or more senior convertible notes in the aggregate principal amount of up $14,400,000 for an aggregate purchase price equal to up to $12,000,000 and common stock purchase warrants and (b) issued a $4,800,000 convertible note and the warrant to Lind Global Fund II LP in exchange for a purchase price of $4,000,000 and net proceeds of $3,805,699. See Note 6.

On August 9, 2024, the Company completed a registered securities offering (the "Underwritten Offering") of 13,250,000 units consisting of one share of our common stock, par value $0.001 per share, and one warrant to purchase one share of common stock at an exercise price equal to $0.26 per share of common stock. The net proceeds from the Offering were approximately $3.445 million, before deducting underwriting discounts and commissions and offering expenses paid by us. We expect to use the proceeds of the Underwritten Offering to fund general corporate purposes, including working capital, capital expenditures, or research and development. The Company granted the Representatives a 30-day option to purchase up to an additional 1,987,500 shares of common stock and 1,987,500 warrants to cover over-allotments, if any. On August 8, 2024, the representatives partially exercised their over-allotment option to purchase 1,987,500 warrants. Between the closing date and August 21, 2024, the representatives fully exercised their over-allotment option to purchase 1,987,500 shares. The Offering closed on August 9, 2024. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $3.468 million from the offering and exercise of over-allotment option. The warrants are classified as a component of permanent equity because they are freestanding financial instruments that are legally detachable and separately exercisable from the shares of common stock with which they were issued, do not embody an obligation for the Company to repurchase its shares, and permit the holders to receive a fixed numbers of shares of common stock upon exercise.

On August 16, 2024, the Company completed a registered securities offering (the "Registered Offering") of 6,365,385 units consisting of one share of the Company's common stock, par value $0.001 per share, and one warrant to purchase one share of common stock at an exercise price equal to $0.26 per share of common stock. The net proceeds from the Registered Offering were approximately $1.655 million, before offering expenses paid by the Company. The Company expects to use the proceeds of the Registered Offering to fund general corporate purposes, including working capital, capital expenditures, or research and development. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $1.515 million from the direct offering. The warrants are classified as a component of permanent equity because they are freestanding financial instruments that are legally detachable and separately exercisable from the shares of common stock with which they were issued, do not embody an obligation for the Company to repurchase its shares, and permit the holders to receive a fixed numbers of shares of common stock upon exercise.

The proceeds of warrants currently outstanding, to the extent not exercised on a cashless basis, may generate potential proceeds. We cannot provide assurance that any of these warrants will be exercised.

Management of the Company intends to raise additional funds through the issuance of equity securities or debt. The Company is currently working on some capital fund raising transactions. There can be no assurance that, in the event the Company requires additional financing, such financing will be available at terms acceptable to the Company, if at all. Failure to generate sufficient cash flows from operations, raise additional capital and reduce discretionary spending could have a material adverse effect on the Company's ability to achieve its intended business objectives. As a result, the substantial doubt about the Company's ability to continue as a going concern has not been alleviated. The accompanying consolidated financial statements do not include any adjustments that may be necessary if the Company is unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES: ADOPTION OF ACCOUNTING STANDARDS

Basis of Presentation –These consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles ("GAAP").

Principles of Consolidation – The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Particle. Intercompany items and transactions have been eliminated in consolidation.

Cash and Cash Equivalents – The Company classifies highly liquid temporary investments with an original maturity of three months or less when purchased as cash equivalents. The Company maintains cash balances at various financial institutions. Balances at US banks are insured by the Federal Deposit Insurance Corporation up to $250,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk for cash on deposit.

Property and Equipment – Equipment consists of machinery, leasehold improvements and furniture and fixtures, which are stated at cost less accumulated depreciation and amortization. Depreciation is computed by the straight-line method over the estimated useful lives or lease period of the relevant asset, generally 2-5 years, except for leasehold improvements which are depreciated over 5 years.

Long-Lived Assets – The Company reviews its long-lived assets for impairment annually or when changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets under certain circumstances are reported at the lower of carrying amount or fair value. Assets to be disposed of and assets not expected to provide any future service potential to the Company are recorded at the lower of carrying amount or fair value (less the projected cost associated with selling the asset).

Revenue Recognition – The Company determines revenue recognition from contracts with customers through the following steps:

- identification of the contract, or contracts, with the customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of the revenue when, or as, the Company satisfies a performance obligation.

Revenue is recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Research and Development Expenses – Research and development expenses consist of the cost of officers, employees, consultants and contractors who design, engineer and develop new products and processes as well as materials, supplies and facilities used in producing prototypes.

The Company's current research and development efforts are primarily focused on improving its radio frequency spectroscopy technology and its first focus on non-invasive monitoring of blood glucose levels; extending its capacity and developing new and unique applications for this technology. The Company believes that continued development of new and enhanced technologies is essential to its future success. The Company incurred expenses of $6,114,121 and $7,727,467 for the years ended September 30, 2024 and 2023, respectively, on development activities. Included in the expense for the years ended September 30, 2024 and 2023 is approximately $405,000 and $859,000 related to severance and other expenses related staff reductions.

Advertising – Advertising costs are charged to selling, general and administrative expenses as incurred. Advertising and marketing costs for the years ended September 30, 2024 and 2023 were $605,830 and $307,638, respectively.

Fair Value Measurements and Financial Instruments – ASC Topic 820, *Fair Value Measurement and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy, which requires classification based on observable and unobservable inputs when measuring fair value. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy consists of three levels:

Level 1 – Quoted prices in active markets for identical assets and liabilities;

Level 2 – Inputs other than level one inputs that are either directly or indirectly observable; and

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The recorded value of other financial assets and liabilities, which consist primarily of cash and cash equivalents, accounts receivable, other current assets, accounts payable and accrued expenses approximate the fair value of the respective assets and liabilities as of September 30, 2024 and 2023 are based upon the short-term nature of the assets and liabilities. The fair value of the Company's convertible notes payable are not readily available given the terms and conditions, including the conversion features, are complex.

The Company has a money market account which is considered a Level 1 asset. The balance as of September 30, 2024 and 2023 was $2,941,616 and $7,836,393, respectively. No other assets or liabilities are required to be recorded at fair value on a recurring nature.

Derivative Financial Instruments – Pursuant to ASC 815 "Derivatives and Hedging", the Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. The Company then determines if an embedded derivative must be bifurcated and separately accounted for. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a Black-Scholes-Merton option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within twelve months of the balance sheet date.

The Company determined that the conversion features for purposes of bifurcation within its currently outstanding convertible notes payable were immaterial and there was no derivative liability to be recorded as of September 30, 2024 and 2023.

Stock Based Compensation – The Company has share-based compensation plans under which employees, consultants, suppliers and directors may be granted restricted stock, as well as options and warrants to purchase shares of Company common stock at the fair market value at the time of grant. Stock-based compensation is measured by the Company at the grant date, based on the fair value of the award, over the requisite service period under ASC 718. The Company recognizes stock compensation costs utilizing the fair value methodology over the related period of benefit.

Convertible Securities – Based upon ASC 815-15, the Company has adopted a sequencing approach regarding the application of ASC 815-40 to convertible securities. The Company will evaluate its contracts based upon the earliest issuance date. In the event partial reclassification of contracts subject to ASC 815-40-25 is necessary, due to the Company's inability to demonstrate it has sufficient shares authorized and unissued, shares will be allocated on the basis of issuance date, with the earliest issuance date receiving first allocation of shares. If a reclassification of an instrument were required, it would result in the instrument issued latest being reclassified first.

Net Loss per Share – Under the provisions of ASC 260, "Earnings Per Share," basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of shares of common stock outstanding for the periods presented. Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Deemed dividends to preferred shareholders increase the net loss available to common shareholders and impact the net loss per share calculation.

As of September 30, 2024, the Company had 108,097,936 shares of common stock issued and outstanding. As of September 30, 2024, there were options outstanding for the purchase of 27,506,731 shares of our common stock (including unearned stock option grants totaling 3,869,825 shares related to performance targets), warrants for the purchase of 49,341,861 shares of the Company's common stock, 8,108,356 shares of our common stock issuable, collectively, upon the conversion of the Company's Series C and D Convertible Preferred Stock, and approximately 480,436 shares of our common stock, collectively, reserved to pay accrued dividends on the Company's Series C Convertible Preferred Stock and Series D Convertible Preferred Stock. In addition, the Company currently has 9,020,264 shares of the Company's common stock are issuable upon conversion of convertible debentures of $2,761,939 and 3,840,000 shares of the Company's common stock are issuable upon conversion of convertible debentures of $1,961,575. Further, under the current terms of the Company's Series C and D Convertible Preferred Stock, and assuming no changes in the ownership thereof, going forward on a quarterly basis the Company will accrete as a preferred dividend the value of approximately 160,000 shares of common stock, which are issuable if such dividends become payable as additional shares of preferred stock, and such preferred stock is then converted into common stock. All of the foregoing shares could potentially dilute future earnings per share but are excluded from the September 30, 2024, calculation of net loss per share because their impact is antidilutive.

As of September 30, 2023, the Company had 80,358,463 shares of common stock issued and outstanding. As of September 30, 2023, there were options outstanding for the purchase of 14,506,158 shares of our common stock (including unearned stock option grants totaling 3,869,825 shares related to performance targets), warrants for the purchase of 20,866,313 shares of our common stock, 8,108,356 shares of the Company's common stock issuable, collectively, upon the conversion of our Series C Stock and D Convertible Preferred Stock, and approximately 3,040,219 shares of our common stock, collectively, reserved to pay accrued dividends on our Series C and D Convertible Preferred Stock. In addition, the Company currently has 9,020,264 shares of its common stock at the current price of $0.25 per share reserved and are issuable upon conversion of convertible debentures of $2,761,931. Further, under the current terms of our Series C Convertible Preferred Stock and Series D Convertible Preferred Stock, and assuming no changes in the ownership thereof, going forward on a quarterly basis the Company will accrete as a preferred dividend the value of approximately 160,000 shares of common stock, which are issuable if such dividends become payable as additional shares of preferred stock, and such preferred stock is then converted into common stock. All of the foregoing shares could potentially dilute future earnings per share but are excluded from the September 30, 2023, calculation of net loss per share because their impact is antidilutive.

Comprehensive loss – Comprehensive loss is defined as the change in equity of a business during a period from non-owner sources. There were no differences between net loss for the years ended September 30, 2024 and 2023 and comprehensive loss for those periods.

Dividend Policy – The Company has never paid any cash dividends and intends, for the foreseeable future, to retain any future earnings for the development of its business. The Company's future dividend policy will be determined by the board of directors on the basis of various factors, including results of operations, financial condition, capital requirements and investment opportunities.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Based on the Company's review of accounting standard updates recently issued, those standards not yet required to be adopted and proposed standards for the future, the Company does believe such items are expected to have a significant impact on the Company's consolidated financial statements.

4. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2024 and 2023 was comprised of the following:

	Estimated Useful Lives	September 30, 2024	September 30, 2023
Machinery and equipment	2-3 years	$ 279,683	$ 213,330
Furniture and fixtures	3 years	21,366	21,366
Less: accumulated depreciation		(234,253)	(153,371)
		$ 66,796	$ 81,325

Total depreciation expense was $80,881 and $313,019 for the years ended September 30, 2024 and 2023, respectively. All equipment is used primarily for research and development purposes and accordingly $78,964 and $295,260 in depreciation is classified in research and development expenses during the years ending September 30, 2024 and 2023. The Company retired assets with a net book value of $549,431 during the year ended September 30, 2023 related to the consolidation of leased offices and the reduction on headcount.

5. LEASES

The Company has entered into operating leases for office and development facilities which range from two to three years and include options to renew. The Company determines whether an arrangement is or contains a lease based upon the unique facts and circumstances at the inception of the lease. Operating lease liabilities and their corresponding right-of-use asses are recorded based upon the present value of the lease payments over the expected lease term. As of September 30, 2024 and 2023 total operating lease liabilities were $358,288 and $154,797, respectively. Right of use assets totaled approximately $337,703 and $145,090 at September 30, 2024 and 2023, respectively. In the year ended September 30, 2024 and 2023, the Company recognized $136,000 and $268,000, respectively in total lease costs for the leases. Because the rate implicit in each lease is not readily determinable, the Company uses its estimated incremental borrowing rate to determine the present value of the lease payments.

The weighted average remaining lease term for the operating leases was 34 months at September 30, 2024 and the weighted average discount rate was 7%.

The minimum future lease payments as of September 30, 2024 are as follows:

Year Ended September 30,	
2025	$ 127,795
2026	143,819
2027	123,389
Total remaining payments	395,002
Less imputed interest	(36,714)
Total lease liability	$ 358,288

6. CONVERTIBLE NOTES PAYABLE AND NOTE PAYABLE

Convertible notes payable as of September 30, 2024 and 2023 consisted of the following:

	September 30, 2024	September 30, 2023
Convertible note- Clayton A. Struve	$ 1,301,005	$ 1,301,005
Convertible note- Ronald P. Erickson and affiliates	1,460,926	1,460,926
Lind Global Fund II LP	1,961,575	-
	$ 4,723,506	$ 2,761,931
Long term	$ 407,522	$ -
Short term	4,315,984	2,761,931
	$ 4,723,506	$ 2,761,931

Convertible Promissory Notes with Clayton A. Struve

The Company owes Clayton A. Struve, a significant stockholder, $1,301,005 under convertible promissory or OID notes. The Company recorded accrued interest of $101,852 and $94,062 as of September 30, 2024 and 2023, respectively. On September 15, 2023, the due dates on the notes was further extended to September 30, 2024. The Company expensed $230,005 as loss on debt extinguishment during the year ended September 30, 2023 related to the extension of the notes. The Company recorded in convertible note payable the incremental value related to the conversion feature and as such, we recorded the extension value as an expense with an offset to convertible note payable. The extension value will be reclassified to equity upon conversion. The Company is currently working on a further extension for the notes.

Convertible Redeemable Promissory Notes with J3E2A2Z – Related Party

The Company owes Ronald P. Erickson and J3E2A2Z, an entity affiliated and controlled by Ronald P. Erickson $1,460,926 under convertible promissory notes. On March 16, 2018, the Company entered into a Note and Account Payable Conversion Agreement pursuant to which (a) all $664,233 currently owing under the J3E2A2Z Notes was converted to a Convertible Redeemable Promissory Note in the principal amount of $664,233, and (b) all $519,833 of the J3E2A2Z Account Payable was converted into a Convertible Redeemable Promissory Note in the principal amount of $519,833 together with a warrant to purchase up to 1,039,666 shares of common stock of our for a period of five years. The initial exercise price of the warrants described above is $0.50 per share, also subject to certain adjustments. The Company recorded accrued interest of $84,573 and $218,334 as of September 30, 2024 and 2023, respectively. The interest expenses for the years ended 2024 and 2023 were $71,239 and $71,044, respectively.

On September 15, 2023, the due dates on the notes were extended to September 30, 2024. The Company expensed $276,860 as interest during the year ended September 30, 2023 related to the extension of the notes. The Company recorded in convertible note payable the incremental value related to the conversion feature and as such, we recorded the extension value as an expense with an offset to convertible note payable. The extension value will be amortized to equity upon conversion. On October 22, 2024, the due dates on the notes was further extended to September 30, 2025 and increased the interest rate from 6% to 8%.

Senior Convertible Note with Lind Global Fund II, LP

On February 27, 2024, the Company (a) entered into a securities purchase agreement (the "Lind Purchase Agreement") with Lind Global Fund II, LP ("Lind"), pursuant to which the Company may issue Lind one or more senior convertible notes the aggregate principal amount of up to $14,400,000 for an aggregate purchase price equal to up to $12,000,000 and warrants to purchase a number of shares equal to the applicable funding amount multiplied by 75% and divided by the volume weighted average price of the common stock on the trading date immediately preceding the issuance date of the warrant and (b) issued to Lind an initial convertible note with an outstanding principal amount of $4,800,000 in exchange for a purchase price of $4,000,000, that is convertible into shares of our common stock at an adjusted conversion price of $0.26 per share, subject to adjustment, and an initial five year warrant to purchase up to 6,000,000 shares of our common stock at an adjusted exercise price of $0.26 per share, subject to adjustment.

The convertible notes issued under the Lind Purchase Agreement bearing an Original Issue Discount (the "OID") equal to 20% of the principal amount of the note and do not accrue interest. Beginning on the date that is 120 days from the issuance date of each note and on each one month anniversary thereafter for 20 months, the Company is obligated to pay to Lind an amount equal to the greater of (x) 5% of the aggregate principal amount of such note or (y) $240,000, until the outstanding principal amount of such note has been paid in full prior to or on its maturity date or, if earlier, upon acceleration, conversion or redemption of such note in accordance with the terms. At the Company's discretion, the monthly payments may be made in cash, in shares of our common stock, or in a combination of cash and shares. If made in shares, the number of shares shall be determined by dividing (x) the principal amount being paid in shares by (y) 90% of the average of the 3 lowest daily VWAPs during the 20 trading days prior to the applicable payment date. The notes set forth certain conditions that must be satisfied before we may make any monthly payments in shares of common stock. If the Company makes a monthly payment in cash, we must also pay Lind a cash premium of 5% of such monthly payment. Lind may elect with respect to no more than two (2) monthly payments to increase the amount of such monthly payment up to $750,000 which increase would be paid only in shares of our common stock upon notice by us. Any such increased payment shall be deducted from the amount of the last monthly payment owed under the note.

Issuance of note shares and warrant shares upon repayment or conversion of notes and exercise of warrants is subject to an ownership limitation equal to 4.99% of our outstanding shares of common stock; provided, that if Lind and its affiliates beneficially own in excess of 4.99% of our outstanding shares of common stock, then such limitation shall automatically increase to 9.99% so long as Lind and its affiliates own in excess of 4.99% of such common stock (and shall, for the avoidance of doubt, automatically decrease to 4.99% upon Lind and its affiliates ceasing to own in excess of 4.99% of such common stock).

Upon the occurrence of any event of default, the notes will become immediately due and payable and the Company must pay Lind an amount equal to 120% of the then outstanding principal amount of each Note, in addition to any other remedies under the note or the other transaction documents. Events of default include, among others, the Company's failure to make any note payment when due, a default in any indebtedness or adverse judgements in excess of $250,000, our failure to instruct its transfer agent to issue unlegended certificates, the Company's shares of common stock no longer being public traded or listed on a national securities exchange, any stop order or trading suspension restricting the trading in our common stock, and our market capitalization is below $15 million for consecutive 10 days.

The warrant may be exercised via cashless exercise in the event there is no effective registration statement covering the shares of common stock underlying a warrant exercise.

Pursuant to the terms of the securities purchase agreement, if at any time prior to a date that is 24 months following the closing of the offering, the Company proposes to offer or sell any additional securities in a subsequent financing, the Company shall first offer Lind the opportunity to purchase up to 20% of such new securities.

The Company received net proceeds of $3,805,699 in exchange for the issuance of the $4,800,000 notes and a warrant to purchase 6,000,000 shares of our common stock. The relative fair value of the 6,000,000 warrant shares was $2,110,731 on the date of issuance of which $1,411,052 was classified in equity after the allocation of issuance costs. The value of the warrant shares was recorded as debt discount (with an offset to APIC) and will be amortized over the two-year term of the Note.

In connection with this securities purchase agreement, the Company incurred approximately $994,000 of issuance costs of which $557,000 were allocated to the note and $437,000 to the warrant shares. The amount allocated to the notes was recorded as debt discount (with an offset to APIC) and will be amortized over the two-year term of the notes.

The Company recorded $830,948 of amortization of debt issuance costs during the year ended September 30, 2024 related to this security purchase agreement.

On June 27, 2024, the Company issued 546,697 shares of our common stock at $0.44 per share related to a principal payment of convertible debt settled with a common stock issuance for a total value of $240,000. During the year ended September 30, 2024, the Company made principal payments of $720,000 and interest payments of $36,000.

7. EQUITY

Authorized Capital Stock

The following description summarizes important terms of the classes of our capital stock as of September 30, 2024. This summary does not purport to be complete and is qualified in its entirety by the provisions of our articles of incorporation as amended, restated and supplemented to date, or our articles of incorporation, and our second amended and restated bylaws, or our bylaws, which have been filed as exhibits to this Annual Report on Form 10-K.

Authorized Capital Stock. The Company's authorized capital stock currently consists of:

- 300,000,000 shares of common stock, par value $0.001 per share; and
- 5,000,000 shares of "blank check" preferred stock, par value $0.001 per share, of which:
- 30,000 shares have been designated as our Series C Convertible Preferred Stock, $0.001 par value per share; and
- 20,000 shares have been designated as our Series D Convertible Preferred Stock, $0.001 par value per share.

Outstanding Shares of Capital Stock. The Company's common stock is the only security of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended. All outstanding shares of the Company's capital stock are fully paid and nonassessable. As of September 30, 2024, there were:

- 108,097,936 shares of common stock issued and outstanding, held by holders of record; held by held by 181 stockholders of record. This number does not include approximately 5,000 beneficial owners whose shares are held in the names of various security brokers, dealers and registered clearing agencies.
- 17,858 shares of Series C Convertible Preferred Stock issued and outstanding, held by one holder of record; and
- 10,161 shares of Series D Convertible Preferred Stock issued and outstanding, held by one holder of record.

Securities Subject to Price Adjustments

If in the future, the Company sells its common stock at a price below $0.25 per share, the conversion price of (i) the outstanding shares of Series C and D Convertible Preferred Stock; (ii) promissory notes convertible into 9,020,264 shares of our common stock; and (iii) warrants to purchase 7,634,381 shares of common stock would adjust below $0.25 per share. The Company has the option to repay Lind in cash or common stock. Should the Company make it monthly payments in common stock, there may be a price adjustment.

Series C and D Convertible Preferred Stock, Warrants and Dividends

On August 5, 2016, the Company closed a Series C Convertible Preferred Stock and Warrant Purchase Agreement with Clayton A. Struve, an accredited investor for the purchase of $1,250,000 of preferred stock with a conversion price of $0.70 per share. The preferred stock has a cumulative dividend of 8% and an ownership blocker of 4.99%. Dividends are due and payable in cash when declared by the Company or when the stock is converted. Series C Convertible Preferred stock is senior to Series D Convertible Preferred stock and is entitled to receive equal dividends paid to Series D. In addition, Mr. Struve received a five-year warrant to acquire 1,785,714 shares of common stock at $0.70 per share. On August 14, 2017, the price of the Series C Convertible Preferred Stock and warrant and its conversion price, were adjusted to $0.25 per share pursuant to the documents governing such instruments. As of September 30, 2024, Mr. Struve owns all of the 17,858 issued and outstanding shares of Series C Convertible Preferred Stock. Each holder of Preferred Series C is allowed to vote as a common shareholder as if the shares were converted to common stock up to the ownership blocker of 4.99%.

In 2017 the Company closed a $750,000 Series D Convertible Preferred Stock and Warrant offering with Mr. Struve. As of September 30, 2024, Mr. Struve owns all of the 10,161 issued and outstanding shares of Series D Convertible Preferred Stock. Each outstanding share of Series D Convertible Preferred Stock will accrue cumulative cash dividends at a rate equal to 8.0% per annum, subject to adjustment as provided in the Series D Convertible Preferred Stock certificate of designations. Dividends are due and payable in cash when declared by the Company or when the stock is converted. In addition, On August 14, 2017, the price of the Series D Convertible Preferred Stock were adjusted to $0.25 per share pursuant to the documents governing such instruments. Each holder of Preferred Series D is allowed to vote as a common shareholder as if the shares were converted to common stock up to the ownership blocker of 4.99%.

Based upon the modified terms and conditions of our Series C and D Convertible Preferred Stock certificates of designations dated August 10, 2023, it was determined that Series C and D Convertible Preferred Stock dividends need to be accreted going forward. As of September 30, 2024, the Company has recorded $121,000 in cumulative deemed dividends related to Series C and D Convertible Preferred Stock which have not been paid, net of (i) $350,696 of accumulated dividends with respect to the Series D Convertible Preferred Stock that were settled for 1,402,784 shares of common stock on June 28, 2023 and (ii) $800,384 of accumulated dividends with respect to the Series C and D Convertible Preferred Stock that were settled for 3,201,534 shares of common stock on June 18, 2024. Mr. Struve is subject to an ownership blocker limiting his ownership to 4.99% of our outstanding shares of common stock and thus the number of common shares he can receive for dividends. Unpaid accreted stock dividends will be issued to Mr. Struve if he converts preferred stock or if the Board declares a dividend thereon, limited to his 4.99% ownership blocker. Assuming no changes in the amount of outstanding Series C or D Convertible Preferred Stock ownership, going forward on a quarterly basis the Company will accrete as a preferred dividend the value of approximately 160,000 shares of common stock, which are issuable if such dividends become payable as additional shares of preferred stock, and such preferred stock is then converted into common stock.

Common Stock

Each share of common stock entitles its holder to one vote on each matter submitted to the stockholders for a vote, and no cumulative voting for directors is permitted. Stockholders do not have any preemptive rights to acquire additional securities issued by the Company.

Year Ended September 30, 2024

During the year ended September 30, 2024, the Company issued 453,492 shares of our common stock total to six directors at $0.434 per share for director services for a total value of $197,010 which was expensed during the quarter ended March 31, 2024.

On October 26, 2023, the Company closed an offering of its common stock pursuant to which we sold 883,061 shares of common stock, at a purchase price of $0.25 per share. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $203,105.

On March 7, 2024, the Company issued 102,302 shares of the Company's common stock at $0.782 with a total value of $80,000 related to a debt offering. The $80,000 was recorded as debt issuance costs and is being amortized over the two-year term of the debt.

On March 8, 2024, the Company issued 714,828 shares of the Company's common stock in a cashless warrant exercise.

On May 24, 2024, the Company issued 108,500 shares of its common stock related to 108,500 warrants exercised at $0.25 per share.

On June 18, 2024, Mr. Struve converted dividends of $800,384 into 3,201,534 shares of our common stock related to the conversion of Series C and D Convertible Preferred Stock.

On June 27, 2024, the Company issued 546,697 shares of our common stock at $0.44 per share related to a principal payment of convertible debt settled with a common stock issuance for a total value of $240,000.

On August 9, 2024, the Company completed a registered securities offering (the "Underwritten Offering") of 13,250,000 units consisting of one share of our common stock, par value $0.001 per share, and one warrant to purchase one share of common stock at an exercise price equal to $0.26 per share of common stock. The net proceeds from the Offering were approximately $3.445 million, before deducting underwriting discounts and commissions and offering expenses paid by us. We expect to use the proceeds of the Underwritten Offering to fund general corporate purposes, including working capital, capital expenditures, or research and development. The Company granted the Representatives a 30-day option to purchase up to an additional 1,987,500 shares of common stock and 1,987,500 warrants to cover over-allotments, if any. On August 8, 2024, the representatives partially exercised their over-allotment option to purchase 1,987,500 warrants. Between the closing date and August 21, 2024, the representatives fully exercised their over-allotment option to purchase 1,987,500 shares. This offering closed on August 9, 2024. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $3.468 million from the offering and exercise of over-allotment option. The warrants are classified as a component of permanent equity because they are freestanding financial instruments that are legally detachable and separately exercisable from the shares of common stock with which they were issued, do not embody an obligation for the Company to repurchase its shares, and permit the holders to receive a fixed numbers of shares of common stock upon exercise.

On August 16, 2024, the Company completed a registered securities offering (the "Registered Offering") of 6,365,385 units consisting of one share of the Company's common stock, par value $0.001 per share, and one warrant to purchase one share of common stock at an exercise price equal to $0.26 per share of common stock. The net proceeds from the Registered Offering were approximately $1.655 million, before offering expenses paid by the Company. The Company expects to use the proceeds of the Registered Offering to fund general corporate purposes, including working capital, capital expenditures, or research and development. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $1.515 million from the direct offering. The warrants are classified as a component of permanent equity because they are freestanding financial instruments that are legally detachable and separately exercisable from the shares of common stock with which they were issued, do not embody an obligation for the Company to repurchase its shares, and permit the holders to receive a fixed numbers of shares of common stock upon exercise.

On August 28, 2024, the Company issued 30,000 shares of the Company's common stock at $0.26 per share and received $7,800 related to a warrant exercise.

Year Ended September 30, 2023

The Company issued 2,632,727 shares of common stock related to warrant exercises and received $387,334.

On June 27, 2023, at Mr. Struve's request, the Company settled all cash dividends with respect to the Series D preferred stock accrued and accumulated through December 31, 2022 in exchange for the issuance to Mr. Struve of 1,402,784 shares of the Company's common stock in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

The Company issued 3,750 shares related to the exercise of stock option grants and received $4,687.

On September 29, 2023, the Company closed an offering of our common stock pursuant to which the Company sold 28,000,000 shares of common stock, at a purchase price of $0.25 per share. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $5,472,791.

Warrants to Purchase Common Stock

Year Ended September 30, 2024

On October 26, 2023, pursuant to the Underwriting Agreement, the Company issued common stock purchase warrants to Boustead Securities, LLC and The Benchmark Company, LLC to purchase an aggregate of 123,648 shares of Common Stock at an exercise price of $0.25 per share, subject to adjustments. The Representatives' Warrants are immediately exercisable, and may be exercised at any time and from time to time, in whole or in part, until October 26, 2028 and may be exercised on a cashless basis. The Representatives' Warrants also include customary anti-dilution provisions and immediate piggyback registration rights with respect to the registration of the shares underlying the Representatives' Warrants. The warrants were valued at $20,896 and recorded in additional paid in capital as costs from common stock offering.

On February 7, 2024, the Company extended the term of warrants issued in connection with the 2019 debt offering. The Company accounted for the extension of the terms as a modification of the terms and in accordance with ASC 718-20-35-2A, the Company recognized $594,761 of interest expense as incremental cost measured as the excess of the fair value of the warrants on the grant date using the Black-Scholes-Merton option pricing model over the fair value of the warrants at the extension date.

On February 27, 2024, the Company (a) entered into a securities purchase agreement with Lind Global Fund II, LP ("Lind"), issued a five year warrant to purchase up to 6,000,000 shares of the Company's common stock at an initial exercise price of $0.80 per share, subject to adjustment. The Warrant may be exercised via cashless exercise in the event there is no effective registration statement covering the shares of Common Stock underlying a Warrant exercise. The 6,000,000 warrants issued were valued at $2,110,731 of which $1,411,502 (after issuance costs) was recorded as debt issuance costs (with an offset to additional paid in capital) and is being amortized over the two-year term of the Notes as a component of interest expense.

On March 8, 2024, the Company issued 714,828 shares of the Company's common stock in a cashless warrant exercise.

On May 24, 2024, the Company issued 108,500 shares of the Company's common stock in a cashless warrant exercise.

On August 9, 2024, the Company completed a registered securities offering (the "Underwritten Offering") of 13,250,000 units consisting of one share of our common stock, par value $0.001 per share, and one warrant to purchase one share of common stock at an exercise price equal to $0.26 per share of common stock. The net proceeds from the Offering were approximately $3.445 million, before deducting underwriting discounts and commissions and offering expenses paid by us. We expect to use the proceeds of the Underwritten Offering to fund general corporate purposes, including working capital, capital expenditures, or research and development. The Company granted the Representatives a 30-day option to purchase up to an additional 1,987,500 shares of common stock and 1,987,500 warrants to cover over-allotments, if any. On August 8, 2024, the representatives partially exercised their over-allotment option to purchase 1,987,500 warrants. Between the closing date and August 21, 2024, the representatives fully exercised their over-allotment option to purchase 1,987,500 shares. The Offering closed on August 9, 2024. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $3.468 million from the offering and exercise of over-allotment option. The warrants are classified as a component of permanent equity because they are freestanding financial instruments that are legally detachable and separately exercisable from the shares of common stock with which they were issued, do not embody an obligation for the Company to repurchase its shares, and permit the holders to receive a fixed numbers of shares of common stock upon exercise.

On August 16, 2024, the Company completed a registered securities offering (the "Registered Offering") of 6,365,385 units consisting of one share of the Company's common stock, par value $0.001 per share, and one warrant to purchase one share of common stock at an exercise price equal to $0.26 per share of common stock. The net proceeds from the Registered Offering were approximately $1.655 million, before offering expenses paid by the Company. The Company expects to use the proceeds of the Registered Offering to fund general corporate purposes, including working capital, capital expenditures, or research and development. After deducting underwriting commissions and other offering expenses, the Company received net proceeds of $1.515 million from the direct offering. The warrants are classified as a component of permanent equity because they are freestanding financial instruments that are legally detachable and separately exercisable from the shares of common stock with which they were issued, do not embody an obligation for the Company to repurchase its shares, and permit the holders to receive a fixed numbers of shares of common stock upon exercise.

On August 28, 2024, the Company issued 30,000 shares of the Company's common stock at $0.26 per share and received $7,800 related to a warrant exercise.

During the year ended September 30, 2024, warrants to purchase 350,157 shares of common stock at $0.42 per share were forfeited.

Year Ended September 30, 2023

On December 7, 2022, the Company signed an Extension of Warrant Agreement with Clayton Struve, extending the exercise dates as follows:

Warrant No./Class	Issue Date	No. Warrant Shares	Exercise Price	Current Expiration Date	Amended Expiration Date
Clayton A. Struve Warrant	08-14-2017	1,440,000	$0.25	08-13-2024	08-13-2025
Clayton A. Struve Warrant	12-12-2017	1,200,000	$0.25	12-11-2024	12-11-2025
Clayton A. Struve Warrant	08-04-2016	1,785,715	$0.25	08-04-2024	08-04-2025
Clayton A. Struve Warrant	02-28-2018	1,344,000	$0.25	02-28-2024	02-28-2025

The Company recorded interest expense of $194,019 during the year ended September 30, 2023 related to the extension of the warrants. The Company recorded the original value of warrants in equity and as such, the Company recorded the extension value as an expense with an offset to additional paid in capital.

On January 19, 2023, the Company signed an Extension of Warrant Agreements with Ronald P. Erickson and an entity controlled by Mr. Erickson, extending the exercise dates from January 30, 2023 to January 30, 2024.

The Company issued 2,632,727 shares of common stock related to warrant exercises and received $387,334.

Warrants to purchase 297,273 shares of common stock at $0.250 per share expired.

On September 29, 2023, pursuant to the Underwriting Agreement, the Company issued common stock purchase warrants to Boustead Securities, LLC and The Benchmark Company, LLC to purchase an aggregate of 1,960,000 shares of Common Stock at an exercise price of $0.25 per share, subject to adjustments. The Representatives' Warrants are immediately exercisable, and may be exercised at any time and from time to time, in whole or in part, until September 26, 2028 and may be exercised on a cashless basis. The Representatives' Warrants also include customary anti-dilution provisions and immediate piggyback registration rights with respect to the registration of the shares underlying the Representatives' Warrants. The warrants were valued at $486,080 and recorded in additional paid in capital as costs form common stock offering.

A summary of the warrants outstanding as of September 30, 2024 were as follows:

	Shares	Weighted Average Exercise Price
Outstanding October 1, 2023	20,866,313	$ 1.06
Issued	29,679,033	0.37
Exercised	(853,328)	(0.25)
Forfeited	(350,157)	(0.42)
Expired	-	-
Outstanding at end of period	49,341,861	$ 0.66
Exercisable at end of period	49,341,861	

The following table summarizes information about warrants outstanding and exercisable as of September 30, 2024:

September 30, 2024				
Number of Warrants	Weighted Average Remaining Life (In Years)	Weighted Average Exercise Price	Shares Exercisable	Weighted Average Exercise Price
32,144,929	3.92	0.25-0.29	32,144,929	0.25-0.29
6,000,000	4.42	0.80	6,000,000	0.80
6,512,207	1.23	1.20-1.85	6,512,207	1.20-1.85
4,684,725	1.59	2.00-3.00	4,684,725	2.00-3.00
49,341,861	2.50	$ 0.66	49,341,861	$ 0.66

The significant weighted average assumptions relating to the valuation of the Company's warrants for the year ended September 30, 2024 were as follows:

Assumptions	
Dividend yield	0%
Stock price	$ 0.37
Exercise price	$ 0.37
Expected life	3 years
Expected volatility	107%
Risk free interest rate	3.86-3.9 %

There were vested warrants of 49,341,861 with an aggregate intrinsic value of $1,035,393.

8. EQUITY INCENTIVE PLANS

On August 12, 2021, the Company established the Know Labs, Inc. 2021 Equity Incentive Plan (the "2021 Plan") which was adopted by the Company's shareholders on October 15, 2021. The 2021 Plan was approved for 20,000,000 shares of the Company's common stock. Common stock reserved under the 2021 Plan increased to 22,000,000 shares on January 1, 2022. On October 25, 2024, shareholders approved a Plan Amendment which increased the maximum number of shares of our common stock that may be delivered to participants under the 2021 Plan to 40,000,000.

Year Ended September 30, 2024

During the year ended September 30, 2024, the Company issued stock option grants to 31 directors, employees and consultants for 18,410,548 shares at an average exercise price of $0.31 per share. The stock option grants expire in five years. The stock option grants primarily vest immediately to quarterly over two to four years.

During the year ended September 30, 2024, stock option grants for 4,970,412 shares at an average exercise price of $1.13 per share were forfeited.

During the year ended September 30, 2024, stock option grants for 439,563 were exercised in exchange for 96,154 shares of common stock on a cashless basis at an average exercise price of $0.81 per share.

Year Ended September 30, 2023

During the year ended September 30, 2023, the Company issued stock option grants to eighteen employees and consultants for 4,158,333 shares at an average exercise price of $1.381 per share. The stock option grants expire in five years. The stock option grants primarily vest quarterly over two to four years.

During the year ended September 30, 2023, stock option grants for 10,277,655 shares at an average exercise price of $1.647 per share were forfeited.

During the year ended September 30, 2023, stock option grants for 166,890 shares at an average exercise price of $0.272 per share were exercised.

Stock option activity for the years ended September 30, 2024 and 2023 was as follows:

		Weighted Average
	Options	Exercise Price
Outstanding as of October 1, 2022	20,792,370	$ 1.62
Granted	4,158,333	1.38
Exercised	(166,890)	(0.27)
Forfeitures	(10,277,655)	(1.65)
Outstanding as of September 30, 2023	14,506,158	1.55
Granted	18,410,548	0.31
Exercised	(439,563)	(0.25)
Forfeitures	(4,970,412)	(1.13)
Outstanding as of September 30, 2024	27,506,731	$ 0.81

The following table summarizes information about stock options outstanding and exercisable as of September 30, 2024:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life In Years	Weighted Average Exercise Price Outstanding	Number Exercisable	Weighted Average Exercise Price Exercisable
$0.25-0.51	16,136,423	4.10	$ 0.57	6,210,400	$ 0.33
$0.62	50,000	4.64	0.62	-	-
$0.88-1.25	2,161,875	2.17	0.15	2,051,875	0.36
$1.28 - 1.67	7,048,433	2.64	1.50	2,043,061	1.48
$1.79-3.67	2,110,000	2.32	2.20	1,171,875	2.17
	27,506,731	3.44	$ 0.81	11,477,211	$ 0.83

The significant weighted average assumptions relating to the valuation of the Company's stock option grants issued for the year ended September 30, 2024 were as follows:

Assumptions	
Dividend yield	0%
Stock price	$ 0.31
Exerciae price	$ 0.31
Expected life	4 years
Expected volatility	107%
Risk free interest rate	3.45%

There were stock option grants of 27,506,731 with an aggregate intrinsic value of $306,899.

9. OTHER SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Transactions with Clayton Struve

See Notes 6 and 7 for related party transactions with Clayton A. Struve, a significant stockholder.

Related Party Transactions with Ronald P. Erickson

See Notes 6, 7 and 10 for related party transactions with Ronald P. Erickson, the Company's Chairman and Chief Executive Officer and affiliated entities.

On December 14, 2022, the Company issued a stock option grant to Ronald P. Erickson for 1,000,000 shares at an exercise price of $1.41 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years.

On January 19, 2023, the Company signed an Extension of Warrant Agreement with Ronald P. Erickson and an entity controlled by Mr. Erickson, extending the exercise dates from January 30, 2023 to January 30, 2024.

On October 10, 2023, the Company issued a stock option grant to Ronald P. Erickson for 4,640,844 shares at an exercise price of $0.25 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years.

On January 30, 2024, the Company signed an Extension of Warrant Agreement with Ronald P. Erickson and an entity controlled by Mr. Erickson, extending the exercise dates from January 30, 2024 to January 31, 2026.

Related Party Transactions with Peter J. Conley, Chief Financial Officer and Senior Vice President, Intellectual Property

On May 20, 2022, the Company issued a stock option grant to Mr. Conley for 1,000,000 shares at an exercise price of $1.48 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years, with no vesting during the first six months.

On October 10, 2023, the Company issued a stock option grant to Peter J. Conley for 3,001,000 shares at an exercise price of $0.25 per share. The stock option grant expires in five years. The stock option grant vests quarterly over four years.

Related Party Transactions with Directors

On February 15, 2023, the Company issued stock option grants to two directors for a total of 50,000 shares at an exercise price of $1.24 per share. The stock option grant expires in five years. The stock option grants vested at issuance.

Mr. Cronin has served as an independent director since November 2023. Mr. Cronin is an experienced inventor and intellectual property strategist. Mr. Cronin is Chairman and CEO of ipCapital Group, Inc. As of the year ended September 30, 2024 and 2023, the Company has paid ipCapital Group approximately $390,000 and $713,000, respectively in professional fees.

During the year ended September 30, 2024, the Company issued 453,492 shares of our common stock total to six directors at $0.434 per share for director services for a total value of $197,010 which was expensed during the year ended September 30, 2024.

During the year ended September 30, 2024, the Company issued stock option grants to six directors for a total of 3,809,817 shares at an average exercise price of $0.41 per share. The stock option grant expires in five years. The stock option grants vested at issuance.

10. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS

Legal Proceedings

The Company may from time to time become a party to various legal proceedings arising in the ordinary course of business. The Company is currently not a party to any pending legal proceeding that is not ordinary routine litigation incidental to the Company's business.

Employment Agreements

On April 10, 2018, the Company entered into an amended employment agreement with Ronald P. Erickson which amends the Company's employment agreement with him dated July 1, 2017. The current salary is $500,000. Mr. Erickson will be entitled to participate in all group employment benefits that are offered by us to our senior executives and management employees from time to time, subject to the terms and conditions of such benefit plans, including any eligibility requirements. The employment agreement is for an initial term of 12 months (subject to earlier termination) and will be automatically extended for additional 12-month terms unless either party notifies the other party of its intention to terminate the employment agreement at least ninety (90) days prior to the end of the initial term or renewal term. If we terminate Mr. Erickson's employment at any time prior to the expiration of the term without cause, as defined in the employment agreement, or if Mr. Erickson terminates his employment at any time for "good reason" or due to a "disability," Mr. Erickson will be entitled to receive (i) his base salary amount for one year; and (ii) medical benefits for eighteen months. On January 23, 2023, the Board appointed Mr. Erickson our Chief Executive Officer. Mr. Erickson was appointed to serve until his successor is duly elected.

On May 13, 2022, the Company entered into an employment agreement with Peter J. Conley reflecting his appointment as the Company's Chief Financial Officer and Senior Vice President, Intellectual Property. The current salary is $400,000. Mr. Conley may also be entitled to bonuses from time to time as determined by our Board or our compensation committee in their sole discretion. Mr. Conley is eligible to participate in all our employee benefit plans, policies and arrangements that are applicable to other executive officers, as such plans, policies and arrangements may exist or change from time to time at our discretion. We will reimburse Mr. Conley for reasonable travel, entertainment and other expenses he incurs in the furtherance of his duties under the employment agreement. The employment agreement is at will, meaning either we or Mr. Conley may terminate the employment relationship at any time, with or without cause, upon written notice to the other party. The employment agreement provides for severance pay equal to 12 months of then-in-effect base salary if Mr. Conley is terminated without "cause" or voluntarily terminates his employment for "good reason," as defined in the employment agreement.

Properties and Operating Leases

The Company is obligated under the following leases for its various facilities.

On April 13, 2017, the Company leased its executive office located at 500 Union Street, Suite 810, Seattle, Washington, USA, 98101. The Company leases 943 square feet and the current net monthly payment is $2,908. The Company vacated the office on May 31, 2024.

On May 18, 2021, the Company entered into a lease for its lab facilities located at 914 E Pine Street, Suite 212, Seattle, WA 98122 and leased 2,642 square feet. The net monthly lease payment was $8,697 and the lease was terminated on February 5, 2024.

On October 11, 2021, the Company entered into the First Amendment of Lease and added 2,485 square feet for $5,000 per month. On September 20, 2022, the Company entered into the Second Amendment of Lease for additional space. The expanded space was utilized for research and testing. The Amendment of Lease expired on December 31, 2023.

On November 22, 2022, the Company leased an additional 1,800 square feet of lab facilities at 123 Boylston Ave, Suite C, Seattle, WA 98102 with a net monthly payment is $2,250. The Company vacated the office on May 31, 2024.

On March 2, 2024, the Company entered into a lease for executive and research and testing facilities at 619 Western Avenue, Suite 610, Seattle, Washington 98104. The Company leased 5,996 square feet and the current net monthly payment is $11,492 and increases at 3% annually after year one. The lease commenced on May 1, 2024 and terminates on July 31, 2027.

11. INCOME TAXES

The Company has incurred losses since inception, which have generated net operating loss carryforwards. The net operating loss carryforwards arise from United States sources.

Losses arising from United States taxable operations were approximately $9 million and $4.2 million for the years ended September 30, 2024 and 2023.

The Company has Federal net operating loss carryforwards of approximately $59 million which expire in 2028-2044. Because it is not more likely than not that sufficient tax earnings will be generated to utilize the net operating loss carryforwards, a corresponding valuation allowance equal to 100% of the gross deferred tax asset of approximately $17.4 million and $14.2 million was established as of September 30, 2024 and 2023, respectively. The Company does not recognize the majority of state tax loss operating loss carryforwards as a deferred tax asset given it no longer has any operation in those states.

Under the Tax Reform Act of 1986, the amounts of, and benefits from, net operating losses may be limited in certain circumstances, including a change in control. Section 382 of the Internal Revenue Code generally imposes an annual limitation on the amount of net operating loss carryforwards that may be used to offset taxable income when a corporation has undergone significant changes in its stock ownership. There can be no assurance that the Company will be able to utilize any net operating loss carryforwards in the future. The Company is subject to possible tax examination for the years 2017 through 2024.

The principal components of the Company's deferred tax assets at September 30, 2024 and 2023 are as follows:

	2024	2023
Net operating loss carryforward	$ 12,399,000	$ 10,476,000
Stock based compensation	2,671,000	2,174,000
Research and Development	2,292,000	1,460,000
Intangibles	-	-
Accruals and reserves	18,000	46,000
Total deferred tax asset	17,380,000	14,156,000
Valuation allowance	(17,380,000)	(14,156,000)
Net deferred tax assets	$ -	$ -
Change in valuation allowance during the year	$ (3,224,000)	$ (2,789,000)

A reconciliation of the United States Federal Statutory rate to the Company's effective tax rate for the years ended September 30, 2024 and 2023 are as follows. For the years ended September 30, 2024 and 2023, the Company's effective tax rate differs from the federal statutory rate principally due to nondeductible expenses plus an increase in the deferred tax asset valuation allowance.

	2024	2023
Income tax provision at statutory rate	-21%	-21%
Non deductible expenses paid with equity instruments	1%	1%
Change in valuation allowance	20%	18%
Other and prior year true up	0%	2%
Effective tax rate	0%	0%

As of September 30, 2024, there were no uncertain tax positions. Management does not anticipate any future adjustments in the next twelve months which would result in a material change to its tax position. For the years ended September 30, 2024 and 2023, the Company did not have any interest and penalties.

12. SEGMENT REPORTING

The Company considers the business to currently have one operating segment; the development of its radio frequency spectroscopy technology with a first focus on non-invasively ascertaining blood glucose levels.

13. SUBSEQUENT EVENTS

The Company evaluated subsequent events, for the purpose of adjustment or disclosure, up through the date the financial statements were issued. Subsequent to September 30, 2024, there were the following material transactions that require disclosure:

On October 22, 2024, the Company approved Amendments to the senior secured convertible redeemable notes with Ronald P. Erickson and/or entities with which he is affiliated, extending the due dates from September 30, 2024 to September 30, 2025 and increasing the interest rate from 6% to 8%.

On October 25, 2024, at a special meeting of the stockholders, the stockholders of the Company approved the adoption of an amendment to the Know Labs, Inc. 2021 Equity Incentive and approved an increase in the total number of shares of common stock available for issuance under the 2021 Plan to 40,000,000 shares plus automatic share increases provided for in the 2021 Plan.

On October 25, 2024, at a special meeting of the stockholders, the stockholders of the Company approved an amendment to our Articles of Incorporation to increase the number of authorized shares of Common Stock from 200 million to 300 million. The Amendment was filed with the Nevada Secretary of State on October 29, 2024, and became effective on that date.

On October 27, 2024, the Company submitted a plan (the "Plan") to NYSE American of actions the Company has taken or will take to regain compliance with the continued listing standards by March 27, 2026. If the NYSE American accepts the Plan, we will be able to continue its listing during the Plan period and will be subject to periodic reviews including quarterly monitoring for compliance with the Plan until it has regained compliance. If the Plan is not accepted by the NYSE American, delisting proceedings will commence. We may appeal a staff delisting determination in accordance with Section 1010 and Part 12 of the Company Guide. There is no assurance that the Company will be able to maintain compliance with the NYSE American continued listing rules and/or continue its listing on the NYSE American in the future.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 14, 2024

KNOW LABS, INC.

/s/ Ronald P. Erickson
Name: Ronald P. Erickson
Title: Chief Executive Officer
(Principal Executive Officer)

/s/ Peter J. Conley
Name: Peter J. Conley
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Ronald P. Erickson Ronald P. Erickson	Chief Executive Officer and Director (principal executive officer)	November 14, 2024
/s/ Peter J. Conley Peter J. Conley	Chief Financial Officer (principal financial and accounting officer)	November 14, 2024
/s/ William A. Owens William A. Owens	Director	November 14, 2024
/s/ Jon Pepper Jon Pepper	Director	November 14, 2024
/s/ Ichiro Takesako Ichiro Takesako	Director	November 14, 2024
/s/ John Cronin John Cronin	Interim Chief Technology Officer and Director	November 14, 2024
/s/ Larry K. Ellingson Larry K. Ellingson	Director	November 14, 2024

EXHIBIT 4.2

DESCRIPTION OF THE REGISTRANT'S SECURITIES

General

As of November 14, 2024, Know Labs, Inc. (the "Company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (i) our common stock, par value $0.001 per share. All outstanding shares of the Company's capital stock are fully paid and nonassessable.

The following description summarizes the most important terms of our common stock and preferred stock. This summary does not purport to be complete and is qualified in its entirety by the provisions of our amended and restated articles of incorporation, amended and restated certificate of designations of the Series C and Series D Convertible Preferred Stock, and second amended and restated bylaws, copies of which have been incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.3 is a part. For a complete description of our capital stock, you should refer to our amended and restated articles of incorporation, amended and restated certificate of designations of the Series C and Series D Convertible Preferred Stock, and second amended and restated bylaws, and to the applicable provisions of Nevada law.

Authorized Capital Stock

The Company's authorized capital stock currently consists of:

- 300,000,000 shares of common stock, par value $0.001 per share; and
- 5,000,000 shares of "blank check" preferred stock, par value $0.001 per share, of which:
- 30,000 shares have been designated as our Series C Convertible Preferred Stock, $0.001 par value per share; and
- 20,000 shares have been designated as our Series D Convertible Preferred Stock, $0.001 par value per share.

Common Stock

Listing

Our common stock trades on the NYSE American under the symbol "KNW."

Authorized

We currently have authority to issue up to 200,000,000 shares of common stock, $0.001 par value per share. From time to time, we may amend our certificate of incorporation to increase the number of authorized shares of common stock. Any such amendment would require the approval of the holders of a majority of the voting power of the shares entitled to vote thereon.

Voting Rights

Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders, including the election of directors. Our common stockholders do not have cumulative voting rights in the election of directors. The directors will be elected by a plurality of the outstanding shares entitled to vote on the election of directors.

Dividend Rights; Right to Receive Liquidation Distributions

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends when and as declared by our Board out of funds legally available therefore for distribution to stockholders and to share ratably in the assets legally available for distribution to stockholders in the event of the liquidation or dissolution, whether voluntary or involuntary, of our company. We have not paid any dividends and do not anticipate paying any dividends on our common stock in the foreseeable future. It is our present policy to retain earnings, if any, for use in the development of our business.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive, subscription, or conversion rights. Our common stock is subject to redemption by us.

Preferred Stock

Authorized Preferred Stock

Our authorized preferred stock currently consists of:

- 5,000,000 shares of "blank check" preferred stock, par value $0.001 per share, of which:
- 30,000 shares have been designated as our Series C Convertible Preferred Stock, $0.001 par value per share; and
- 20,000 shares have been designated as our Series D Convertible Preferred Stock, $0.001 par value per share.

Our preferred stock is not registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

Our board of directors is authorized, subject to limitations prescribed by Nevada law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares then outstanding) the number of shares of any series of preferred stock, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock or other series of preferred stock. The issuance of preferred stock, while providing flexibility in connection with possible financings, acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control of our company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock.

A detailed description of the rights and preferences of each of the authorized and outstanding classes of preferred stock is set forth below.

Series C Convertible Preferred Stock

Of our authorized preferred stock, 30,000 shares have been designated as our Series C Convertible Preferred Stock, or the Series C Preferred Stock.

With respect to dividend rights and rights on liquidation, winding up and dissolution, shares of our Series C Preferred stock rank senior to our common stock and our Series D Convertible Preferred Stock. Holders of Series C Preferred Stock have no preemptive or subscription rights and there are no redemption or sinking fund provisions applicable to the Series C Preferred Stock. The rights, preferences and privileges of the holders of Series C Preferred Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any other series of preferred stock.

In addition to any class voting rights provided by the Nevada Revised Statutes or the certificate of designation for the Series C Preferred Stock, holders of Series C Preferred Stock have the right to vote, on an as-if-converted-to-common-stock basis (but subject to, and after giving effect to, the conversion limitations described below, applied effective as of the record date for determining the stockholders entitled to vote). Further, as long as any shares of Series C Preferred are outstanding, the Company shall not, among other things, without the affirmative vote of the holders of at least a majority on voting power of the outstanding shares of Series C Preferred Stock: (a) alter or change adversely the powers, preferences or rights given to the Series C Preferred Stock or alter or amend the Series C Preferred Stock certificate of designation, (b) issue any other class or series of capital stock ranking senior to or on parity the Series C Preferred Stock as to dividends or up liquidation or reclassify any shares of common stock or any series of capital stock into shares having preference or priority as to dividends or upon liquidation superior to or on parity with any such preference or priority of Series C Preferred Stock, or (c) enter into any agreement with respect to any of the foregoing.

Each outstanding share of Series C Preferred Stock accrues cumulative dividends at a rate equal to 8.0% per annum of the Series C Preferred Stock stated value (currently $70.00, subject to adjustment as provided in the Series C Preferred Stock certificate of designation). Dividends, whether accrued, declared or payable are payable solely in the form of additional shares of Series C Preferred Stock and shall not in any circumstances be accrued or payable in cash. Such dividends are payable only upon conversion of the shares of Series C Preferred Stock, or when, as and if otherwise declared by our board of directors.

Each holder of any shares of Series C Preferred Stock has the right, at its option at any time, to convert such holder's shares of Series C Preferred Stock into shares of our common stock in accordance with the terms of the Series C Preferred Stock certificate of designation. Further, we may also require, upon notice, the conversion of any or all shares of the Series C Preferred Stock into our common stock provided that the shares issuable upon such conversion meet certain resale eligibility requirements, and our common stock has been approved for listing on specified stock exchanges, all as set forth in the Series C Preferred Stock certificate of designation. However, we shall not effect a conversion of the Series C Preferred Stock, whether voluntary or mandatory, and the holder of any shares of Series C Preferred Stock shall not have the right to voluntarily convert such holder's shares of Series C Preferred Stock, to the extent that after giving effect to such exercise, such holder (together with such holder's affiliates) would beneficially own in excess of 4.99% of the shares of our common stock outstanding immediately after giving effect to such conversion. By written notice to the Corporation, a holder may from time to time increase or decrease such percentage to any other percentage not less than 4.99% and not in excess of 9.99% specified in such notice; provided that any such increase or decrease will only be effective for that holder and will not be effective until the 61st day after such notice is delivered to us.

The Series C Preferred Stock also has price-based, "full-ratchet," and proportional anti-dilution rights, based on issuance or deemed issuances of our securities below the current conversion price of $0.25 per share, all as set forth in the Series C Preferred Stock certificate of designation.

Series D Convertible Preferred Stock

Of our authorized preferred stock, 20,000 shares have been designated as our Series D Convertible Preferred Stock, or the Series D Preferred Stock. With respect to dividend rights and rights on liquidation, winding up and dissolution, shares of our Series D Preferred Stock rank senior to our common stock but junior to our Series C Preferred Stock. Holders of Series D Preferred Stock have no preemptive or subscription rights and there are no redemption or sinking fund provisions applicable to the Series D Preferred Stock. The rights, preferences and privileges of the holders of Series D Preferred Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any other series of preferred stock.

In addition to any class voting rights provided by the Nevada Revised Statutes or the certificate of designation for the Series D Preferred Stock, holders of Series D Preferred Stock have the right to vote, on an as-if-converted-to-common-stock basis (but subject to, and after giving effect to, the conversion limitations described below, applied effective as of the record date for determining the stockholders entitled to vote). Further, as long as any shares of Series D Preferred are outstanding, the Company shall not, among other things, without the affirmative vote of the holders of at least a majority on voting power of the outstanding shares of Series D Preferred Stock: (a) alter or change adversely the powers, preferences or rights given to the Series D Preferred Stock or alter or amend the Series D Preferred Stock certificate of designation, (b) issue any other class or series of capital stock ranking senior to or on parity the Series D Preferred Stock as to dividends or up liquidation or reclassify any shares of common stock or any series of capital stock into shares having preference or priority as to dividends or upon liquidation superior to or on parity with any such preference or priority of Series D Preferred Stock, or (c) enter into any agreement with respect to any of the foregoing.

Each outstanding share of Series D Preferred Stock accrues cumulative dividends at a rate equal to 8.0% per annum of the Series D Preferred Stock stated value (currently $70.00, subject to adjustment as provided in the Series D Preferred Stock certificate of designation). Dividends, whether accrued, declared or payable are payable solely in the form of additional shares of Series D Preferred Stock and shall not in any circumstances be accrued or payable in cash. Such dividends are payable only upon conversion of the shares of Series D Preferred Stock, or when, as and if otherwise declared by our board of directors.

Each holder of any shares of Series D Preferred Stock has the right, at its option at any time, to convert such holder's shares of Series D Preferred Stock into shares of our common stock in accordance with the terms of the Series D Preferred Stock certificate of designation. Further, we may also require, upon notice, the conversion of any or all shares of the Series D Preferred Stock into our common stock provided that the shares issuable upon such conversion meet certain resale eligibility requirements, and our common stock has been approved for listing on specified stock exchanges, all as set forth in the Series D Preferred Stock certificate of designation. However, we shall not effect a conversion of the Series D Preferred Stock, whether voluntary or mandatory, and the holder of any shares of Series D Preferred Stock shall not have the right to voluntarily convert such holder's shares of Series D Preferred Stock, to the extent that after giving effect to such exercise, such holder (together with such holder's affiliates) would beneficially own in excess of 4.99% of the shares of our common stock outstanding immediately after giving effect to such conversion. By written notice to the Corporation, a holder may from time to time increase or decrease such percentage to any other percentage not less than 4.99% and not in excess of 9.99% specified in such notice; provided that any such increase or decrease will only be effective for that holder and will not be effective until the 61st day after such notice is delivered to us.

The Series D Preferred Stock also has price-based, "full-ratchet," and proportional anti-dilution rights, based on issuance or deemed issuances of our securities below the current conversion price of $0.25 per share, all as set forth in the Series D Preferred Stock certificate of designation.

EXHIBIT 19

KNOW LABS, INC.

INSIDER TRADING POLICY

(November 2018)

I. **Purpose of this Policy**

In the course of performing your duties for Know Labs, Inc, you may from time to time receive or become aware of material nonpublic information about the company and its subsidiaries (the "**Company**") or other companies that do business with the Company. This Insider Trading Policy (the "**Policy**") furnishes guidelines concerning information that may be "material" and "nonpublic" and your legal obligations and obligations to the Company relating to the use or disclosure of material nonpublic information regarding the Company or such other companies.

The Company has adopted this Policy to promote compliance with applicable securities laws, known as "insider trading" laws, which prohibit persons who receive or become aware of material nonpublic information about the Company (or other companies that do business with the Company) from trading in the Company's (or such other company's) securities or providing material nonpublic information to others who may trade in the Company's (or such other company's) securities on the basis of that information.

Insider trading laws can impose legal liability not only on individuals who fail to comply with these laws, but also to the Company as the employer of individuals who violate these laws. Accordingly, the Company has adopted this Policy not only to guide the individuals associated with the Company who are covered by the Policy, but also to protect the Company from legal liability and promote its business interest in maintaining an impeccable reputation for integrity.

II. **Effectiveness of this Policy**

This Policy is effective as of the date set forth at the top of this page and supersedes any previous insider trading policy of the Company. In the event of any conflict or inconsistency between this Policy and any other materials previously distributed by the Company, this Policy shall govern. In addition, each Covered Person (as defined below) is responsible for complying with applicable law as then in force and effect. Accordingly, in the event of any conflict or inconsistency between this Policy and applicable law, or any omission from this Policy, Covered Persons are not excused from complying with applicable law.

III. **Compliance Officer for this Policy**

The Company's Chief Financial Officer is the compliance officer (the "**Compliance Officer**") for this Policy. The Compliance Officer, or the Board of Directors of the Company, may designate additional officers of the Company to serve as Compliance Officer for this Policy from time to time. Any questions concerning this Policy should be directed to, and all interpretations of this Policy shall be made by, a duly designated Compliance Officer.

IV. **Who This Policy Applies To**

This Policy is applicable to all directors, officers and employees of the Company, whether located in or outside of the United States, as well as family members and other members of their respective households, partnerships in which any such person is a general partner, trusts of which any such person is a trustee, estates of which any such person is an administrator or executor and other legal entities that any such person controls (the "**Covered Persons**"). The Compliance Officer may also determine from time to time that other persons who may have access to material nonpublic information due to their activities with the Company shall be subject to this Policy. Any persons so identified by the Compliance Officer shall also be "Covered Persons" for purposes of this Policy.

V. **Policy**

If a Covered Person is in possession of material nonpublic information relating to the Company, that person may not, directly or indirectly, buy, sell or engage in other transactions in securities of the Company (to be broadly construed to include equity, debt and convertible securities of the Company, and derivatives (whether or not issued by the Company) linked to or exercisable for securities of the Company (the "**Company Securities**"), except as set forth in Section VIII below, or engage, directly or indirectly, in any other action to disclose to others ("tipping") or benefit from or take advantage of that information (for example, recommending transactions in Company Securities). This Policy also applies to material nonpublic information relating to any other company with publicly-traded securities, including the Company's customers, suppliers or other business relations, obtained in the course of the Covered Person's employment by, service to or other relationship with the Company.

Additional restrictions on buying, selling or engaging in other transactions in Company Securities apply to directors, executive officers and Section 16 Officers (as defined below) of the Company, as described in Section IX below.

VI. **Definitions and Explanations**

A. **When Information is "Material"**

In order to determine whether information is material, it must be evaluated in the context of all facts and circumstances at play at the time. Information is considered "material" if:

- a reasonable investor would consider the information important in making a decision to buy, sell or hold Company Securities;
- release of the information could produce a qualitative change to the package of information disclosed to the public by the Company; or
- public disclosure of the information would be likely to have a significant effect on the market price of Company Securities.

Material information can be positive or negative and can relate to virtually any aspect of the Company's business. Information that is or may be material includes (but is not limited to) the following, depending upon all facts and circumstances at the time of assessment:

- unpublished financial or operating results, positive or negative;
- projections or changes in projections of financial or operating results, upwards or downwards;
- a pending or proposed corporate transaction involving the Company, such as merger, acquisition or divestiture;
- a pending or proposed public offering or private placement of securities of the Company or other financing for the Company outside of the ordinary course of business;
- a pending or proposed repurchase or redemption of Company Securities;
- the gain or loss of a significant customer or supplier;
- changes in senior management;
- execution of a business contract that is important to the Company financially, strategically or otherwise;
- significant regulatory approvals or challenges;
- pending or threatened litigation of potential significance to the Company, or settlement or other resolution of ongoing litigation;
- a change in the Company's independent registered public accounting firm;
- the need to restate financial statements;
- impending bankruptcy or liquidity problems; and
- other events or developments that the Company is required to disclose in a Form 8-K to be filed with the Securities and Exchange Commission ("**SEC**").

B. **When Information is "Nonpublic"**

Information is "nonpublic" if it has not been disclosed to the public. In order for information to be considered public, it must be widely disseminated; for example, through:

- newswire releases;
- widely available broadcasts on television and radio;
- publication in widely available newspapers or news websites; or
- disclosure in the Company's periodic reports filed with the SEC.

Publication on the Company's website can also contribute to wide dissemination of information (and may itself constitute wide dissemination depending upon the extent to which the Company has established its website as a vehicle for timely release of important Company information in accordance with SEC guidance).

After a wide dissemination of material information, a reasonable period of time must elapse for the investing public to process the information. As a rule of thumb, two full trading days following wide dissemination is regarded as a reasonable waiting period before such information is deemed to be "public" and no longer "nonpublic" for purposes of this Policy. The Compliance Officer may determine that a different waiting period is appropriate with respect to particular Company disclosures based upon prevailing facts and circumstances. For the avoidance of doubt, Covered Persons should consult the Compliance Officer when contemplating transactions in Company Securities shortly after public disclosures by the Company.

C. **Be Mindful of How a Transaction May be Viewed in Hindsight**

If a particular transaction (or group of transactions) is challenged by enforcement authorities, it will be viewed with the benefit of hindsight. As a result, before engaging in any transaction, a Covered Person should give careful thought to whether any facts and circumstances exist that could raise suspicions about the propriety of the proposed transaction after the fact; for example, as to whether information that the Covered Person has become aware of may be construed as "material" and "nonpublic." Again, in the event of any doubt, Covered Persons should consult the Compliance Officer when contemplating transactions in Company Securities.

VII. **Guidelines**

A. ***Non-disclosure of Material Nonpublic Information***

Material nonpublic information must not be disclosed to anyone unless it has first been widely disseminated to the public as described above, except to other Company personnel who have a need to know the information and are bound by a confidentiality obligation to the Company and covered by this Policy, or third party agents of the Company (such as accountants, investment bankers or outside legal counsel) whose positions require them to have access to such information, but who are bound by a professional obligation to protect its confidentiality.

B. ***Prohibited Trading in Company Securities***

No person may place a purchase or sell order or recommend that another person place a purchase or sell order in Company Securities when he or she is aware of material nonpublic information concerning the Company that has not been disclosed to the public. As noted above, for purposes of the prohibition expressed in this Policy, "Company Securities" should be construed broadly, and the terms "purchase" or "sell" should also be interpreted broadly to include transactions involving Company Securities such as elections or changes in elections under Company Securities purchase plans, loans, pledges, gifts, charitable donations and other contributions of Company Securities.

C. ***"Tipping" Information to Others***

Covered Persons may be liable for communicating or tipping material nonpublic information to any third party ("tippee"). Further, insider trading violations are not limited to trading or tipping by Covered Persons. Persons other than Covered Persons also can be liable for insider trading, including tippees who trade on material nonpublic information tipped to them and individuals who trade on material nonpublic information which has been misappropriated.

Tippees inherit a Covered Person's duties under this Policy and applicable insider trading laws and may be held liable for trading on material nonpublic information illegally tipped to them by a Covered Person. Similarly, just as Covered Persons are liable for the insider trading of their tippees, so are tippees who communicate the information to others who trade. In other words, a tippee's liability for insider trading is no different from that of a Covered Person. Tippees can obtain material nonpublic information in deliberate ways, such as the direct receipt of a tip, or in less deliberate or obvious ways, such as conversing at social, business or other gatherings.

D. ***Prohibitions Involving Securities of Other Companies***

As described in paragraphs A, B and C above, no Covered Person may disclose material nonpublic information, engage in prohibited trading or "tip" information to others to the extent the Covered Person becomes aware of material nonpublic information about another company in the course of his or her business activities on behalf of the Company.

E. ***No Hedging of Company Securities***

The Company believes that purchases of hedging instruments that protect against downward changes in Company's stock price can result in the purchaser no longer having the same objectives as the Company's other shareholders because he or she is no longer subject to the full risks of stock ownership. Accordingly, no employee of the Company or member of the Company's Board of Directors may engage in any hedging transaction that would result in lack of exposure to the full risks of stock ownership. Prohibited hedging transactions include, but are not limited to, collars, forward sale contracts, trading in publicly-traded options, puts, calls or other derivative instruments related to Company stock or debt.

F. ***Short Sales of Company Securities; Margin Accounts, Pledging Shares***

No employee of the Company or member of the Company's Board of Directors may "short" sell Company Securities. In addition, no employee of the Company or member of the Company's Board of Directors may hold Company Securities in a margin account or pledge Company Securities as collateral for a loan or if the number of shares of Company Securities held in the margin account or pledged as collateral exceeds 25% of the total number of shares owned by the employee or director. The Board of Directors may, in its sole discretion and in limited circumstances, grant an exception to these prohibitions; *provided, however*, that Section 16 Officers and directors of the Company are prohibited from short-selling under Section 16(c) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

VIII. **Exceptions**

A. ***No Sale/No Purchase Transactions***

The prohibitions of this Policy do not apply to bona fide gifts of Company Securities (i.e., for no consideration), except that any such transaction should be pre-cleared by the Compliance Officer as provided in Section IX.C. In addition, this Policy does not restrict purchases and sales of mutual funds or exchange-traded funds that invest in Company Securities in addition to securities of other companies.

B. ***Transactions under Company Equity Plans***

The prohibitions of this Policy do not apply to a Covered Person's exercise of a stock option granted under a Company equity plan for cash, but do apply to any sale of Company Securities received upon exercise of an option in the open market, regardless of whether the sale is to pay the exercise price or for tax withholding. Similarly, this Policy does not apply to a Covered Person's surrender of Company Securities to the Company or the retention and withholding from delivery to the Covered Person of shares by the Company (i.e., a so-called "net settlement") upon vesting of restricted stock in satisfaction of tax withholding obligations in a manner permitted by the applicable equity award agreement or the Company equity plan pursuant to which the restricted stock was granted.

IX. **Additional Provisions Applicable to Special Insiders**

A. ***Special Insiders***

This Section IX sets forth additional provisions applicable to the following individuals associated with the Company (referring to the publicly-traded entity, not its subsidiaries) ("**Special Insiders**"):

- each member of the Board of Directors of the Company;
- each "executive officer" of the Company, as described in Rule 3b-7 under the Exchange Act;
- each individual designated as an "officer" of the Company for purposes of Section 16 under the Exchange Act (a "**Section 16 Officer**"); and
- each other individual designated as a Special Insider by the Compliance Officer from time to time.

B. ***Blackout Periods/Trading Windows***

Special Insiders are prohibited from trading in Company Securities during the following blackout periods: (a) the Company's regularly scheduled quarterly blackout period commencing at the close of the market on the last day of each fiscal quarter and ending two business days after the Company's "earnings release" is issued to the public relating to the Company's financial information for the concluded fiscal quarter (or, if there is no earnings release, two business days after the Company files with the SEC its Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as applicable), and (b) special blackout periods instituted by the Company on a discretionary basis, upon notice to Special Insiders, when news of pending material events or other material non-public information regarding the Company that is anticipated to be disclosed has not yet been publicly disclosed. Subject to pre-clearance as provided in Section IX.C below, Special Insiders are generally permitted to trade when no blackout period is in effect; provided, however, that even during an open trading window, a Special Insider who is aware of material non-public information may not trade in Company Securities until the information has been made publicly available as described above, or is no longer material.

C. ***Pre-Clearance***

Special Insiders (including family members and other members of their respective households) must obtain prior clearance from the Compliance Officer before buying, selling or engaging in any transaction in Company Securities (except as described in Section IX.E below). The Compliance Officer will evaluate each proposed transaction to determine if it raises insider trading concerns or other concerns under the federal or state securities laws and regulations. Any advice will relate solely to legal considerations and not the merits of the investment decision. Clearance of a transaction will be valid only until the start of the next blackout period and may be revoked by the Compliance Officer at any time upon notice to the Special Insider.

D. ***Short-Swing Trading***

Note that in addition to restrictions on trading contained in this Policy, under Section 16(b) of the Exchange Act, any "short-swing profits" realized by a Section 16 Officer or director of the Company from a "matching" purchase and sale or "matching" sale and purchase of Company Securities occurring within a six-month period would be subject to disgorgement to the Company.

E. ***Rule 10b5-1 Plans***

A Special Insider's trades may be exempt from this Policy if made under a properly pre-established and maintained written trading plan, known as a "Rule 10b5-1 plan." If the Rule 10b5-1 plan meets all of the requirements for such a plan, and the purchases or sales of Company Securities are actually made in accordance with the terms and conditions of the plan, the trades will not be deemed to have been made "on the basis of" material nonpublic information, even if the Special Insider who established the plan is actually aware of material nonpublic information at the time of execution of the transactions provided for by the plan.

A properly designed Rule 10b5-1 plan must meet the following requirements:

- The plan was established when the Special Insider was unaware of material nonpublic information concerning the Company;

- The plan specifies the number (or dollar value) of Company Securities to be purchased or sold, the price (which may be a fixed price, market price or minimum/maximum price) at which the shares are to be traded, and the date of the trade, or provides a written formula or algorithm for determining the timing, amount and price of the trade (or the plan can give a third party such as a designated broker the exclusive right to determine the timing, amount and price of the trade);

- The plan does not permit the Special Insider to exercise any subsequent influence over how, when, or whether to effect purchases or sales; provided, however, that if a third party (such as a broker) is designated under the terms of the plan to determine the timing, amount and price of trades, the third party must not have been aware of the material nonpublic information about the Company or Company Securities when it makes its trading decisions; and

- The plan must be entered into in good faith and not as part of a scheme to evade insider trading prohibitions.

Any new Rule 10b5-1 plan, or amendment or termination of an existing Rule 10b5-1 plan, must be reviewed and approved by the Compliance Officer; *provided, however*, that trades occurring under an approved Rule 10b5-1 plan do not require pre-clearance.

KNOW LABS, INC.

INSIDER TRADING POLICY

CERTIFICATION

I have received a copy of and read the Insider Trading Policy of Know Labs, Inc. and its subsidiaries (the "**Company**"). I understand and agree to comply with the policies and procedures set forth in the Insider Trading Policy.

I understand and agree that my failure to comply with the Insider Trading Policy in all respects may constitute a basis for the termination for cause of my employment by or other service relationship with the Company, or other appropriate disciplinary action.

Signature: _____

Name: _____

Date: _____

EXHIBIT 21.1

SUBSIDIARIES

As of September 30, 2024, the following was the Registrant's significant operating Subsidiaries:

Name: Particle, Inc.

Country of Organization: U.S.

Percent Ownership by Registrant: 100.0% by Know Labs, Inc.

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald P. Erickson, certify that:

1. I have reviewed this annual report on Form 10-K of Know Labs, Inc.;

2. Based on my knowledge, this 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 report;

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

4. The registrant's other certifying officer(s) 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 the 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 14, 2024

/s/ Ronald P. Erickson
Ronald P. Erickson
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter J. Conley, certify that:

1. I have reviewed this annual report on Form 10-K of Know Labs, Inc.;

2. Based on my knowledge, this 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 report;

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

4. The registrant's other certifying officer(s) 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 the 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 14, 2024

/s/ Peter J. Conley
Peter J. Conley
Chief Financial Officer
(Principal Financial and Accounting 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 Annual Report of Know Labs, Inc. (the " Company") on Form 10-K for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Ronald P. Erickson, Chief Executive Officer (Principal Executive Officer) of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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.

/s/ Ronald P. Erickson
Ronald P. Erickson
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Know Labs, Inc. and will be retained by Know Labs, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

EXHIBIT 32.2

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 Annual Report of Know Labs, Inc. (the " Company") on Form 10-K for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Peter J. Conley, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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.

/s/ Peter J. Conley
Peter J. Conley
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Know Labs, Inc. and will be retained by Know Labs, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.