

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2024

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-41461

**AINOS, INC.**

(Exact name of registrant as specified in its charter)

**TEXAS**

(State or other jurisdiction  
of incorporation or organization)

**75-1974352**

(IRS Employer  
Identification No.)

8880 Rio San Diego Drive, Ste. 800, San Diego, CA 92108 (858) 869-2986  
(Address and telephone number, including area code, of registrant's principal executive offices)

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 \$0.01 per share	AIMD	The Nasdaq Stock Market LLC
Warrants to purchase Common Stock	AIMDW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

7,663,022 shares of common stock, par value \$ 0.01 per share, outstanding as of August 2, 2024

**AINOS, INC.  
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**PART I - FINANCIAL INFORMATION**

**ITEM 1. Financial Statements**

**Ainos, Inc.**  
**Condensed Balance Sheets**  
**(Unaudited)**

	June 30, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,014,098	\$ 1,885,628
Accounts receivable	9	455
Inventory, net	166,322	167,593
Other current assets	291,166	419,521
Total current assets	8,471,595	2,473,197
Intangible assets, net	26,028,058	28,283,208
Property and equipment, net	691,100	876,572
Other assets	348,634	208,827
Total assets	<u><u>\$ 35,539,387</u></u>	<u><u>\$ 31,841,804</u></u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Contract liabilities	\$ 106,502	\$ 112,555
Convertible notes payable, (including amounts of related party of \$ 2,000,000 and nil as of June 30, 2024 and December 31, 2023, respectively)	3,000,000	-
Senior secured convertible notes measured at fair value - Current	1,585,761	-
Other notes payable, related party	312,000	42,000
Accrued expenses and others current liabilities	738,936	1,182,283
Total current liabilities	5,743,199	1,336,838
Senior secured convertible notes measured at fair value	-	2,651,556
Convertible notes payable - noncurrent (including amounts of related party of \$ 9,000,000 and \$2,000,000 as of June 30, 2024 and December 31, 2023, respectively)	9,000,000	3,000,000
Other notes payable, related party - noncurrent	-	270,000
Other long-term liabilities	83,912	135,829
Total liabilities	<u><u>14,827,111</u></u>	<u><u>7,394,223</u></u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	-	-
Common stock, \$0.01 par value; 300,000,000 shares authorized as of June 30, 2024 and December 31, 2023, 7,388,674 and 4,677,787 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	73,887	46,778
Common stock to be issued 270 shares and 162,337 shares as of June 30, 2024 and December 31, 2023, respectively	3	1,623
Additional paid-in capital	65,414,761	62,555,808
Accumulated deficit	(44,395,987)	(37,886,155)
Accumulated other comprehensive loss - translation adjustment	(380,388)	(270,473)
Total stockholders' equity	<u><u>20,712,276</u></u>	<u><u>24,447,581</u></u>
Total liabilities and stockholders' equity	<u><u>\$ 35,539,387</u></u>	<u><u>\$ 31,841,804</u></u>

See accompanying notes to condensed financial statements.

**Ainos, Inc.**  
**Condensed Statements of Operations**  
**(Unaudited)**

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenues	\$ -	\$ 28,555	\$ 20,729	\$ 77,719
Cost of revenues (including amounts of related party of nil for the three months ended June 30, 2024 and 2023, and nil and \$46,635 for the six months ended June 30, 2024 and 2023, respectively)	(25,373)	(55,817)	(52,127)	(156,665)
Gross loss	(25,373)	(27,262)	(31,398)	(78,946)
Operating expenses:				

Research and development expenses (including amounts of related party of \$386,507 and \$761,700 for the three and six months ended June 30, 2024, and \$74,733 and \$152,196 for the three and six months ended June 30, 2023, respectively)	1,978,756	1,671,187	4,063,404	3,370,070
Selling, general and administrative expenses	1,044,880	618,149	2,074,298	1,380,614
Total operating expenses	3,023,636	2,289,336	6,137,702	4,750,684
Loss from operations	(3,049,009)	(2,316,598)	(6,169,100)	(4,829,630)
Non-operating (expenses) income, net:				
Interest expense	(118,759)	(40,311)	(167,455)	(49,585)
Issuance cost of senior secured convertible note measured at fair value	-	-	(138,992)	-
Fair value change for senior secured convertible note	(66,844)	-	(98,412)	-
Other income, net	39,590	7,182	64,127	9,013
Total non-operating expenses, net	(146,013)	(33,129)	(340,732)	(40,572)
Net loss before income taxes	(3,195,022)	(2,349,727)	(6,509,832)	(4,870,202)
Provision for income taxes	-	-	-	-
Net loss	\$ (3,195,022)	\$ (2,349,727)	\$ (6,509,832)	\$ (4,870,202)
Net loss per common share - basic and diluted	\$ (0.49)	\$ (0.58)	\$ (1.06)	\$ (1.21)
Weighted-average shares used in computing net loss per common share-basic and diluted	6,519,014	4,019,030	6,145,148	4,010,666

See accompanying notes to condensed financial statements.

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**Ainos, Inc.**  
**Condensed Statements of Comprehensive Loss**  
**(Unaudited)**

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net loss	\$ (3,195,022)	\$ (2,349,727)	\$ (6,509,832)	\$ (4,870,202)
Other comprehensive (loss) income:				
Translation adjustment	(44,646)	(53,867)	(109,915)	(43,806)
Comprehensive loss	\$ (3,239,668)	\$ (2,403,594)	\$ (6,619,747)	\$ (4,914,008)

See accompanying notes to condensed financial statements.

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**Ainos, Inc.**  
**Condensed Statements of Stockholders' Equity**  
**For the three months ended June 30, 2024 and 2023**  
**(Unaudited)**

	Preferred Stock	Common Stock	Common Stock - to be issued	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity			
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at March 31, 2024	-	\$ -	6,144,506	\$ 61,445	270	\$ 3	\$ 64,154,052	\$ (41,200,965)	\$ (335,742)	\$ 22,678,793
Conversion of convertible notes into common stock	-	-	1,244,168	12,442	-	-	838,335	-	-	850,777
Share-based compensation	-	-	-	-	-	-	422,374	-	-	422,374
Net loss	-	-	-	-	-	-	-	(3,195,022)	-	(3,195,022)
Translation adjustment	-	-	-	-	-	-	-	(44,646)	-	(44,646)
Balance at June 30, 2024	<u>-</u>	<u>\$ -</u>	<u>7,388,674</u>	<u>\$ 73,887</u>	<u>270</u>	<u>\$ 3</u>	<u>\$ 65,414,761</u>	<u>\$ (44,395,987)</u>	<u>\$ (380,388)</u>	<u>\$ 20,712,276</u>
Balance at March 31, 2023	-	\$ -	4,002,320	\$ 40,023	-	\$ -	\$ 59,126,074	\$ (26,636,081)	\$ (191,592)	\$ 32,338,424
Issuance of stock to settle vested RSUs	-	-	25,306	253	-	-	(253)	-	-	-
Issuance of stock in exchange of vehicle	-	-	12,231	122	-	-	48,437	-	-	48,559
Conversion of convertible notes payable to common stock	-	-	18,666	187	-	-	274,602	-	-	274,789
Share-based compensation	-	-	-	-	-	-	137,159	-	-	137,159
Net loss	-	-	-	-	-	-	-	(2,349,727)	-	(2,349,727)
Translation adjustment	-	-	-	-	-	-	-	(53,867)	-	(53,867)
Balance at June 30, 2023	<u>-</u>	<u>\$ -</u>	<u>4,058,523</u>	<u>\$ 40,585</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 59,586,019</u>	<u>\$ (28,985,808)</u>	<u>\$ (245,459)</u>	<u>\$ 30,395,337</u>

See accompanying notes to condensed financial statements.

**Ainos, Inc.**  
**Condensed Statements of Stockholders' Equity**  
**For the six months ended June 30, 2024 and 2023**  
**(Unaudited)**

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Common Stock - to be issued Shares	Common Stock - to be issued Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2023	-	\$ -	4,677,787	\$46,778	162,337	\$ 1,623	\$62,555,808	\$(37,886,155)	\$ (270,473)	\$ 24,447,581
Issuance of stock to settle vested RSUs	-	-	133,964	1,340	270	3	(1,343)	-	-	-
Conversion of senior secured convertible note payable to common stock	-	-	2,414,586	24,146	-	-	2,015,061	-	-	2,039,207
Related party used computer equipment	-	-	-	-	-	-	(4,428)	-	-	(4,428)
Warrants issued in connection with senior secured convertible note payable	-	-	-	-	-	-	1,586	-	-	1,586
Issuance of common stock	-	-	162,337	1,623	(162,337)	(1,623)	-	-	-	-
Share-based compensation	-	-	-	-	-	-	848,077	-	-	848,077
Net loss	-	-	-	-	-	-	-	(6,509,832)	-	(6,509,832)
Translation adjustment	-	-	-	-	-	-	-	-	(109,915)	(109,915)
Balance at June 30, 2024	<u>-</u>	<u>\$ -</u>	<u>7,388,674</u>	<u>\$73,887</u>	<u>270</u>	<u>\$ 3</u>	<u>\$65,414,761</u>	<u>\$(44,395,987)</u>	<u>\$ (380,388)</u>	<u>\$ 20,712,276</u>
Balance at December 31, 2022	-	\$ -	4,002,320	\$40,023	-	\$ -	\$58,905,242	\$(24,115,606)	\$ (201,653)	\$ 34,628,006
Issuance of stock to settle vested RSUs	-	-	25,306	253	-	-	(253)	-	-	-
Issuance of stock in exchange of vehicle	-	-	12,231	122	-	-	48,437	-	-	48,559
Conversion of convertible notes payable to common stock	-	-	18,666	187	-	-	274,602	-	-	274,789
Share-based compensation	-	-	-	-	-	-	357,991	-	-	357,991
Net loss	-	-	-	-	-	-	-	(4,870,202)	-	(4,870,202)
Translation adjustment	-	-	-	-	-	-	-	-	(43,806)	(43,806)
Balance at June 30, 2023	<u>-</u>	<u>\$ -</u>	<u>4,058,523</u>	<u>\$40,585</u>	<u>-</u>	<u>\$ -</u>	<u>\$59,586,019</u>	<u>\$(28,985,808)</u>	<u>\$ (245,459)</u>	<u>\$ 30,395,337</u>

See accompanying notes to condensed financial statements.

**Ainos, Inc.**  
**Condensed Statements of Cash Flows**  
**(Unaudited)**

	Six months ended June 30	
	2024	2023
<b>Cash flows from Operating Activities:</b>		
Net loss	\$ (6,509,832)	\$ (4,870,202)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,398,696	2,423,274
Loss on inventory write-downs	-	57,474
Share-based compensation expense	848,077	357,991
Issuance cost of senior secured convertible note measured at fair value	138,992	-
Change in fair value of senior secured convertible note	98,412	-
Changes in operating assets and liabilities:		
Accounts receivable	446	192,161
Inventory	1,271	10,814
Other current assets	128,355	(55,990)
Accrued expenses and other current and long-term liabilities	(573,309)	(693,975)
Net cash used in operating activities	<u>(3,468,892)</u>	<u>(2,578,453)</u>
<b>Cash flows from Investing Activities:</b>		
Purchase of property and equipment	(10,276)	(71,262)
Increase in refundable deposits and others	(109,516)	-
Net cash used in investing activities	<u>(119,792)</u>	<u>(71,262)</u>
<b>Cash flows from Financing Activities:</b>		
Proceeds from convertible notes payable- noncurrent		1,000,000

Proceeds from convertible notes payable, related party	9,000,000	1,500,000
Proceeds from senior secured convertible notes payable	875,000	-
Repayment of other notes payable, related party	-	(200,000)
Repayment of convertible notes payable, related party	-	(114,026)
Payments of issuance cost of senior secured convertible note measured at fair value	(97,500)	-
Net cash provided by financing activities	9,777,500	2,185,974
Effect from foreign currency exchange	(60,346)	(28,651)
Net increase (decrease) in cash and cash equivalents	6,128,470	(492,392)
Cash and cash equivalents at beginning of year	1,885,628	1,853,362
Cash and cash equivalents at end of year	\$ 8,014,098	\$ 1,360,970
Supplemental Cash Flow Information		
Cash paid for interest	\$ 39	\$ 3,122
Noncash financing and investing activities:		
Conversion of convertible notes payable to common stock and accrued interest waived by convertible notes holders	\$ -	\$ 274,789
Conversion of senior secured convertible notes to common stock	\$ 2,039,207	\$ -
Issuance of common stocks in exchange of vehicle	\$ -	\$ 48,559
Account payable to purchase equipment	\$ -	\$ 5,848

*See accompanying notes to the condensed financial statements.*

**Ainos, Inc.**  
**Notes to Condensed Financial Statements**  
**(Unaudited)**

## 1. Description of Business

### Organization and Business

Ainos, Inc. (the "Company"), incorporated in the State of Texas in 1984, is a diversified healthcare company focused on the development of novel point-of-care testing (the "POCT"), therapeutics based on very low-dose interferon alpha (the "VELDONA"), and synthetic RNA-driven preventative medicine. Our product pipeline includes commercial-stage VELDONA Pet cytoprotein supplements, clinical-stage VELDONA human and animal therapeutics and telehealth-friendly POCTs powered by the AI Nose technology platform.

We have historically involved in the research and development of therapeutics based on VELDONA. Building on our research and development on VELDONA since inception, we are focused on commercializing a suite of VELDONA-based product candidates.

In 2021 and 2022, we acquired certain types of intellectual property from our controlling shareholder, Ainos Inc., a Cayman Island corporation ("Ainos KY"), to expand product portfolio into POCTs aimed to provide connected, rapid, and convenient testing for a broad range of health conditions. Pivoting from the sales of COVID-19 POCT, we aim to commercialize POCTs that detect volatile organic compounds (the "VOC") emitted by the body, powered by our AI Nose technology platform. Our lead VOC POCT candidate, Ainos Flora, aims to test female vaginal health and certain common sexually transmitted infections (the "STIs") quickly and easily.

### Underwritten Public Offering

The Company's registration statement related to its underwritten public offering (the "Offering") was declared effective on August 8, 2022, and the Company's common stock and warrants began trading on the Nasdaq Capital Market (the "Nasdaq") on August 9, 2022 under the trading symbols "AIMD" and "AIMDW", respectively.

### Reverse Stock Splits

In connection with the Offering, the Company's board of directors on April 29, 2022 and its shareholders on May 16, 2022 approved a 1-for-15 reverse stock split of the Company's common stock that became effective on August 9, 2022. Further, to comply with Nasdaq's minimum \$1.00 per share continued listing rules, the Company filed a Certificate of Amendment to its Restated Certificate of Formation on November 27, 2023, to apply for another reverse stock split of the Company's common stock at a ratio of 1-for-5 which was effectuated on December 14, 2023 after receiving required approvals.

The par value of \$0.01 and authorized shares of the Company's common stock remains the same and were not adjusted as a result of the reverse stock splits. All issued and outstanding common stock, restricted stock units (RSUs), outstanding convertible notes, warrants and options to purchase common stock and per share amounts contained in the financial statements have been retroactively adjusted to give effect to the reverse stock splits for all periods presented.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The accompanying condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (the "GAAP") and pursuant to the accounting disclosure rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed financial statements should be read in conjunction with the financial statements and notes included in the Company's audited financial statements as of and for the year ended December 31, 2023 contained in the Annual Report on Form 10-K filed with the SEC on March 8, 2024.

In the opinion of management, the accompanying condensed financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods. The results for the three and six months ended June 30, 2024 are not

necessarily indicative of the results to be expected for any subsequent quarter, the year ending December 31, 2024, or any other period.

There have been no material changes to the Company's significant accounting policies as described in the audited financial statements as of December 31, 2023.

### **Use of Estimates**

The preparation of condensed financial statements in conformity with GAAP requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosures as of the date of the condensed financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on various factors, including historical experience, and on various other assumptions that are believed to be reasonable under the circumstances, when these carrying values are not readily available from other sources. Significant items subject to estimates and assumptions include useful lives of property and equipment, valuation of stock option, warrants and convertible notes measured at fair value, and impairment testing of intangible assets. Actual results may differ from these estimates.

### **Liquidity**

As of June 30, 2024, the Company had cash and cash equivalents of \$ 8,014,098. The Company plans to finance its operations and development needs with its existing cash and cash equivalents, additional equity and/or debt financing arrangements, and expected near-term revenue primarily from the sale of VELDONA Pet cytoprotein supplements to support the Company's clinical trial activities, largely in connection with Ainos Flora and human related VELDONA therapeutics. There can be no assurance that the Company will be able to obtain additional financing on terms acceptable to the Company, on a timely basis, or at all.

For the six months ended June 30, 2024, the Company generated a net loss of \$ 6,509,832. The Company expects to continue incurring development expenses for the next twelve months as the Company advances Ainos Flora and VELDONA therapeutics for humans through clinical development until regulatory approval is received and the sales and marketing of the products is authorized.

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred net operating losses since inception and has an accumulated deficit as of June 30, 2024 of \$44,395,987 and expects to incur additional losses and negative operating cash flows for at least the next twelve months. The Company's ability to meet its obligations is dependent upon its ability to generate sufficient cash flows from operations and future financing transactions. Management expects the Company will continue as a going concern for at least one year from the issuance of these financial statements.

### **Segments**

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the chief operating decision maker (the "CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's Chief Executive Officer is the Company's CODM. The CODM reviews financial information prepared on the basis of accounting policy disclosed in its annual financial statement for purposes of making operating decisions, allocating resources, and evaluating financial performance of the Company. As such, the Company has determined that it operates as one operating segment.

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### **Impairment of Intangible Assets**

The Company reviews its definite-lived intangibles and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be fully recoverable. When such events occur, management determines whether there has been impairment by comparing the anticipated undiscounted future net cash flows to the carrying value of the asset or asset group. If impairment exists, the assets are written down to their estimated fair value. No impairment of definite-lived intangible and long-lived assets was recorded for the three and six months ended June 30, 2024 and 2023.

### **Fair Value Option**

ASC 825-10, *Financial Instruments*, provides a fair value option (the "FVO") election that allows companies an irrevocable election to use fair value as the initial and subsequent accounting measurement attribute for certain financial assets and liabilities. ASC 825-10 permits entities to elect to measure eligible financial assets and liabilities at fair value on an ongoing basis. Unrealized gains and losses on items for which the FVO has been elected are reported in earnings, except for the effect of changes in own credit, which are recognized in other comprehensive income/loss. The decision to elect the FVO is determined on an instrument-by-instrument basis, must be applied to an entire instrument and is irrevocable once elected. Assets and liabilities measured at fair value pursuant to ASC 825-10 are required to be reported separately from those instruments measured using another accounting method.

The Company elected to account for the senior secured convertible notes issued to Lind Global Fund II LP (the "Lind Note") using FVO, which allows for valuing the Lind Note at fair value in its entirety versus bifurcation of the embedded derivatives (see Note 5). The fair value of the Lind Note is determined using a binomial lattice valuation model, which is widely used for valuing convertible notes. The significant assumptions used in the model is volatility of the Company's common stock. If different assumptions are used, the fair value of the convertible notes and the change in estimated fair value could be materially different. A significant increase in the volatility of the market price of the Company's common stock, in isolation, would result in a significantly higher fair value; and a significant decrease in volatility would result in a significantly lower fair value.

### **Recent Accounting Pronouncements Adopted**

On January 1, 2023, the Company adopted Accounting Standards Update (the "ASU") 2016-13 (the "ASU 2016-13"), *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which the Financial Accounting Standards Board (the "FASB") issued in June 2016. The new standard changes the accounting for credit losses for financial assets and certain other instruments, including trade receivables and contract assets that are not measured at fair value through net income. Under legacy standards, the Company recognizes an impairment of receivables when it was probable that a loss had been incurred. Under the new standard pursuant to ASU 2016-13, the Company is required to recognize estimated credit losses expected to occur over the estimated life or remaining contractual life of an asset (which includes losses that may be incurred in future periods) using a broader range of information including reasonable and supportable forecasts about future economic conditions. The guidance is effective for smaller reporting companies (the "SRC") as defined by the SEC for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years with early adoption permitted. The Company's adoption of this new guidance did not have a material impact on the Company's financial statements and related disclosure.

On January 1, 2023, the Company early adopted ASU 2020-06 (the "ASU 2020-06"), *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. ASU 2020-06 as issued by FASB in August 2020 removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, and it also simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective for SRC's fiscal years beginning after December

15, 2023, including interim periods within those fiscal years, with early adoption permitted. The Company's early adoption of this new guidance did not have a material impact on its financial statements and related disclosures.

#### **Accounting Standards Issued but Not Yet Adopted**

No other new accounting pronouncement issued or effective has had, or is expected to have, a material impact on the Company's financial statements.

#### **3. Cash and Cash Equivalents**

As of June 30, 2024 and December 31, 2023, cash and cash equivalents consisted of cash on hand and cash in bank which is potentially subject to concentration of credit risk. Such balance is maintained at financial institutions that management determines to be of high-credit quality. Cash accounts at each institution are insured by the Federal Deposit Insurance Corporation in the U.S. or Central Deposit Insurance Corporation in Taiwan up to certain limits. At times, such deposits may be in excess of the insurance limit. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2024 and December 31, 2023, the Company had approximately \$ 4,281,890 and \$1,557,487 in excess of FDIC insured limits, respectively. The Company maintains cash in state-owned banks in Taiwan. In Taiwan, the insurance coverage of each bank is NTD\$ 3,000,000 (approximately USD\$93,750). As of June 30, 2024 and December 31, 2023, the Company had approximately \$3,358,000 and \$0 cash in excess of the insured amount, respectively. The Company has not experienced any losses in such accounts.

#### **4. Inventory**

Inventory stated at cost, net of reserve, consisted of the following:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Raw materials	\$ 87,047	\$ 92,708
Work in process	1,142	1,208
Finished goods	78,133	73,677
<b>Total</b>	<b>\$ 166,322</b>	<b>\$ 167,593</b>

Inventory write-downs to estimated net realizable values were nil for the three and six months ended June 30, 2024, compared to \$ 14,694 and \$57,474 for the three and six months ended June 30, 2023.

#### **5. Convertible Notes Payable and Other Notes Payable**

As of June 30, 2024 and December 31, 2023, the respective notes payable were as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Other notes payable, related party – current	\$ 312,000	\$ 42,000
Other notes payable, related party - noncurrent	-	270,000
March 2025 Convertible Notes, related party – noncurrent (ASE Note)	-	2,000,000
March 2025 Convertible Notes, related party –current (ASE Note)	2,000,000	-
March 2025 Convertible Notes – noncurrent (Lee Note)	-	1,000,000
March 2025 Convertible Notes –current (Lee Note)	1,000,000	-
Senior secured convertible notes payable (Lind Note) - fair value	1,585,761	2,651,556
May 2027 Convertible Notes, related party – noncurrent (ASE Note)	9,000,000	-
	<b>\$ 13,897,761</b>	<b>\$ 5,963,556</b>

The other notes payable were issued to Ainos KY, the controlling shareholder of the Company, in exchange for \$ 800,000 in cash to support working capital of the Company in March 2022 (the "KY Note"). The Company paid off \$530,000 of the KY Note during the year ended December 31, 2023. The Company did not repay the KY Note during the three and six months ended June 30, 2024. Another note payable was issued to i2China Management Group, LLC ("i2China") in exchange for consulting services in 2020 (the "i2China Note") which remains outstanding for the amount of \$42,000 as of June 30, 2024. Both the KY Note and the i2China Note bear an interest rate of 1.85% per annum. On August 17, 2023, the Company entered into extension agreements with Ainos KY and i2China to extend the maturity of the KY Note and i2China Note to March 31, 2025 and September 1, 2024, respectively.

All of the aforementioned convertible promissory notes and other notes payable are unsecured and due upon maturity. Holders of convertible notes have the option to convert some or the entire unpaid principal and accrued interest to common stock of the Company.

#### **May 2027 Convertible Notes and Warrant Purchase Agreement**

On May 03, 2024, The Company entered into Convertible Note and Warrant Purchase Agreement with the ASE Test, Inc. ("ASE"), a shareholder of Ainos KY, for the issuance of convertible promissory notes with 6% compound interest in the aggregate principal amount of \$ 9,000,000 (collectively the "Notes") convertible into shares of common stock, par value \$0.01 per share, of the Company, payable three (3) years from May 03, 2024 as well as the issuance of warrants for the purchase of up to 500,000 shares of Common Stock at a price per share of \$ 4.50, exercisable until May 03, 2029. As of June 30, 2024, the Company received the full amount of the payment.

#### **March 2025 Convertible Notes**

On March 13, 2023, the Company entered into two convertible promissory note purchase agreements pursuant to Regulation S of the Securities Act of 1933, as amended, in the total principal amount of \$3,000,000 with the following investors (the "March 2025 Convertible Notes" or "Notes").

#### **Convertible Note Issued to ASE Test, Inc. (the "ASE Note")**

Pursuant to the one of the aforementioned agreements, ASE Test, Inc., a shareholder of Ainos KY, committed to pay a total aggregate amount of \$2,000,000 to the Company in exchange for convertible promissory note(s) in three tranches in the amounts of \$ 1,000,000 (the "First Tranche"), \$500,000 (the "Second Tranche"), and \$500,000 (the "Third Tranche") conditioned, among other things, on the Company achieving certain business milestones. As of June 30, 2024, the Company received the full amount of the payment.

#### **Convertible Note Issued to Li-Kuo Lee (the "Lee Note")**

The Company issued a convertible note in the principal amount of \$ 1,000,000 to an unrelated party, Li-Kuo Lee, in exchange of \$ 1,000,000 in cash. As of June 30, 2024, the Company received the full amount of the payment.

The March 2025 Convertible Notes will mature in two years from the issuance dates, bearing interest at the rate of 6% compounded interest per annum. At any time after the issuance and before the maturity date, the Notes are convertible into the common stock of the Company at the conversion price of \$7.50 per share, subject to anti-dilutive adjustment as set forth in the Notes. Unless previously converted, the Company shall repay the outstanding principal amount plus all accrued and unpaid interest on the maturity date. The Notes shall be an unsecured general obligation of the Company.

The total interest expense of convertible notes payable, other notes payable, March 2025 Convertible Notes and May 2027 Convertible Notes and Warrant Purchase Agreement for the three and six months ended June 30, 2024 were \$117,828 and \$164,214 compared with the same period in year 2023 were \$37,991 and \$44,924. As of June 30, 2024 and December 31, 2023, the unpaid accrued interest expense was \$ 303,153 and \$138,939, respectively.

#### **Senior Secured Convertible Notes Payable**

On September 25, 2023, the Company entered into a securities purchase agreement (the "SPA") with Lind Global Fund II LP (the "Lind"). The SPA provides for loans in an aggregate principal amount of up to \$10,000,000 under various tranches to fund clinical trials, commercial product launch and working capital of the Company. The Lind Note does not bear any interest and matures on March 28, 2025..

In 2023, the Company issued and sold to Lind, in a private placement, (a) a senior secured convertible promissory note in the aggregate principal amount of \$3,540,000 (the "Lind Note") and (b) warrants to purchase 691,244 shares of common stock at an exercise price of \$ 4.50 per share of common stock (the "Lind Warrant") for a cash amount of \$3,000,000. As of June 30, 2024, the Company received the full amount of the funding.

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Subject to the satisfaction of certain conditions, the Company has the right to request additional tranches of funding from Lind in the aggregate amount not to exceed \$7.0 million (the "Increased Funding Amount"). Lind will receive additional warrants to purchase a number of shares of common stock based on a formula set forth in the Securities Purchase Agreement. Such warrants will expire after five years from the date of issuance and may be exercised on a cashless basis.

On January 23, 2024, the Company received an Increased Funding Amount of up to \$ 1.75 million, with \$875,000 funded at closing and \$875,000 to be funded subject to an effective registration statement and other conditions specified in the Securities Purchase Agreement, and amended the Initial Note to, among other amendments, increase the principal amount to \$4,235,000 (the Initial Note as so amended, the "Note"). In connection with additional funding, the Company issued Lind a warrant to purchase 1,021,400 shares at an exercise price of \$2.16 per share (the "Second Lind Warrants and together with the First Lind Warrants, the "Lind Warrants").

Following the earlier to occur of (i) 90 days from the date of the SPA or (ii) the date the resale Registration Statement is declared effective by the SEC, the Lind Note is convertible into shares of the Company's common stock at the option of Lind at any time with the conversion price at lower of \$7.50 per share, subject to adjustment, or 90% of the average of the three lowest daily VWAP of the common stock during the 20 trading days prior to conversion, subject to certain adjustments.

As of June 30, 2024, the converted principal amount from the SPA was \$ 2,752,170 and the aggregate principal amount was \$1,785,330.

From an accounting perspective, the Lind Note is considered a debt host instrument embedded with an issuer's call and investor's contingent puts, and is issued at substantial discount. The Company elects the fair value option (the "FVO") to account for the Lind Note at fair value and mark to market each quarter. As of June 30, 2024, the fair value of the Lind Note was \$1,585,761. For the three and six months ended June 30, 2024, the change in the fair value of the Lind Note was recorded in the Statements of Operations in the amount of \$66,844 and \$98,412 respectively. No portion of the change in fair value was related to changes in credit risk of the Company which would be charged to other comprehensive loss if any. The Company has granted to Lind a senior security interest in all of the Company's right, title, and interest in, to and under all of the Company's property, subject to certain exceptions as set forth in the SPA. The issuance cost related to the first amendment of \$875,000 of the Lind Note, including a commitment fee charged by Lind, placement agent fee and warrants, and legal fees is \$138,992, which is expensed off due to FVO election. \$169,344 of the remaining insurance cost related to the future funding of \$6,125,000 offered by the SPA is deferred as other assets on the balance sheet and will be expensed upon each closing or when the Company does not expect to complete the remaining funding.

## **6. Stockholders' Equity**

### **Preferred Stock**

The Company increased authorized shares of preferred stock from 10,000,000 shares to 50,000,000 shares upon the filing of an amendment to the Company's Certificate of Formation with the Secretary of State of Texas on November 27, 2023. No shares of preferred stock were issued and outstanding as of June 30, 2024 and December 31, 2023.

### **Common Stock**

During the three months ended June 30, 2024, the Company issued an additional 1,244,168 shares of common stock as a result of delivering conversion of the Lind's Note. As of June 30, 2024, there were 7,388,674 shares of common stock legally issued and outstanding.

As a result of the Lind private placement, the Company reserved up to 3,749,535 shares of common stock to be issued upon exercise of conversion of the Lind Note and warrants issued in connection with the private placement.

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### **Warrants**

As of June 30, 2024 and December 31, 2023, warrants issued and outstanding in connection with financing are summarized as below:

(In number of shares)	June 30, 2024	December 31, 2023
ASE Warrant with exercise price \$4.5	500,000	-
Lind Warrant with exercise price from \$2.16 to \$4.50	1,201,944	691,244
Public warrant with exercise price of \$21.25	179,400	179,400
Representative's warrant with exercise price of \$23.375	7,800	7,800

Placement agent warrant with exercise price of \$8.25	20,666	16,000
Total	1,909,810	894,444

As mentioned in Note 5, in connection with Convertible Note and Warrant Purchase Agreement with the ASE, the Company issued warrants to ASE for purchase of up to 500,000 shares of Common Stock at a price per share of \$ 4.50, exercisable until May 03, 2029.

As discussed in Note 5, the Company issued the Lind Warrants on September 28, 2023 in connection with the private placement of the Lind Note. The Company further issued 20,666 shares of warrants with an exercise price of \$ 8.25 per share to the placement agent as the agent fee. Each warrant has a contractual term of 5 years and can be exercised for the purchase of one share of common stock of the Company. The carrying amount of the Lind Warrant is nil after allocating proceeds to the Lind Note measured at fair value. The fair value of the placement agent warrant is estimated as \$21,479 using the Black-Scholes Model.

As disclosed in Note 1, the Company issued public warrants together with common stock in connection with its underwritten public offering effective August 8, 2022. The Company further issued private warrants to Maxim Group LLC, as representative of the underwriter pursuant to an underwriting agreement. Each warrant has a contractual term of 5 years, expiring on August 8, 2027, and can be exercised for the purchase of one share of common stock of the Company.

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the instruments' specific terms and applicable authoritative guidance in ASC 480, *Distinguishing Liabilities from Equity* (the "ASC480"), and ASC 815, *Derivatives and Hedging* (the "ASC 815"). The assessment considers whether the instruments are free standing financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the instruments meet all of the requirements for equity classification under ASC 815, including whether the instruments are indexed to the Company's own common shares and whether the instrument holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent period end date while the instruments are outstanding. Management has concluded that the warrants issued in connection with the underwritten public offering and the private placement of Lind Note qualify for equity accounting treatment and are recorded as additional paid-in capital.

In addition, the warrant issued by the Company to i2China in 2020 in exchange for consulting services is accounted for under ASC 718, *Compensation – Stock Compensation* (see Note 8).

As of June 30, 2024, none of the warrants have been exercised nor have expired.

## 7. Revenue

Revenue is recognized upon shipment of products based upon contractually stated pricing at standard payment terms within 30 to 60 days. The revenue generated by product sales is recognized at point in time.

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The Company generated revenue from sales of COVID-19 Antigen Rapid Test Kits in the Taiwan market for the three and six months ended June 30, 2023. There was no revenue recognized from performance obligation satisfied or partially satisfied in prior periods, nor were there any unsatisfied performance obligations related to the sales of COVID-19 Test Kits as of June 30, 2024 and December 31, 2023.

The Company generated revenue from sales of VELDONA Pet cytoprotein supplements in the Taiwan market through on-line platforms that were recognized after the expiration of right of return which was offered for a limited time. Revenue from sales through off-line distribution channels was recognized based on the amount of consideration that we expected to receive, reduced by estimates for return allowances, promotional discounts, and fees. \$106,502 of contract liabilities was recorded for the cash received in advance from distribution channels as of June 30, 2024.

### ***Return Allowances***

Return allowances, which reduce revenue and cost of sales, are estimated using historical experience. Liabilities for return allowances are included in "Accrued expenses and others current liabilities".

### ***Variable consideration***

We record revenue from customers in an amount that reflects the transaction price we expect to be entitled to after transferring control of those goods. From time to time, we offer product sales promotions such as discounts. Variable consideration is estimated at contract inception only to the extent that it is probable that a significant reversal of revenue will not occur.

## 8. Share-Based Compensation

### ***2023 Stock Incentive Plan***

The Company effectuated an amendment to its 2021 Stock Incentive Plan, now restated as the Company 2023 Stock Incentive Plan (the "2023 SIP" or "Plan") which includes, among other things, a change in the number of reserved shares under the Plan. Under the 2023 SIP, subject to a change in capital structure or a change in control, the aggregate number of shares which may be issued or transferred pursuant to awards under the Plan will be equal to up to twenty percent (20%) of shares of outstanding common stock of the Company existing as of December 31<sup>st</sup> of the previous calendar year (the "Plan Share Reserve"). Upon the effectiveness of the 2023 SIP on June 14, 2023, the aggregate number of shares which may be issued pursuant to awards under the Plan is 871,075 shares of common stock, including shares that remained available for grant under the 2021 Stock Incentive Plan. As of June 30, 2024, 870,200 shares have been granted under the 2023 SIP.

### ***2021 Stock Incentive Plan***

On September 28, 2021, the Company's board of directors, and on May 16, 2022, its shareholders approved the 2021 Stock Incentive Plan (the "2021 SIP"). During the period from January 1, 2023 up to the date that the prior plan was superseded by the 2023 SIP, no shares were granted under the 2021 SIP.

### ***2021 Employee Stock Purchase Plan***

On September 28, 2021, the Company's board of directors, and on May 16, 2022, its shareholders approved the 2021 Employee Stock Purchase Plan (the "2021 ESPP"). As of June 30, 2024, no shares were issued under the 2021 ESPP.

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### Restricted Stock Units ("RSUs")

RSUs entitle the recipient to be paid out an equal number of common stock shares upon vesting. The fair value of RSUs is based on market price of the underlying stock on the date of grant. A summary of the Company's RSUs activity and related information for the three and six months ended June 30, 2024 and for the three and six months ended June 30, 2023 were as follows:

	2024		2023	
	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Unvested balance at January 1	954,306	\$ 4.39	160,000	\$ 12.08
RSUs granted	-	\$ -	-	\$ -
RSUs vested	(133,964)	\$ 5.74	(5,866)	\$ 55.50
RSUs forfeited	(5,950)	\$ 3.46	(7,600)	\$ 7.15
Unvested balance at March 31	814,392	\$ 4.18	146,534	\$ 10.60
RSUs granted	-	\$ -	-	\$ -
RSUs vested	-	\$ -	(20,220)	\$ 6.69
RSUs forfeited	(4,410)	\$ 4.16	(6,970)	\$ 6.38
Unvested balance at June 30	809,982	\$ 4.18	119,344	\$ 11.51

### Stock Options and Warrants

During the three and six months ended June 30, 2024 and 2023, no shares were granted, forfeited, expired or exercised. As of June 30, 2024, there were 7,332 shares in the form of stock options and 6,034 shares in the form of warrants outstanding, and 5,111 shares of the options and 6,034 shares of the warrants are vested and exercisable.

### Share-Based Compensation Expense

Shared-based compensation expense for the three and six months ended June 30, 2024 were \$ 422,374 and \$848,077 compared to the three and six months ended June 30, 2023 amount of \$137,159 and \$357,991.

As of June 30, 2024, the total unrecognized compensation cost related to outstanding RSUs, stock options and warrants was \$ 2,486,290, which the Company expects to recognize over a weighted-average period of 1.86 years.

### 9. Income Taxes

The Company did not record a federal, state, or foreign income tax provision or benefit for the three and six months ended June 30, 2024 and 2023 due to the expected loss before income taxes to be incurred for the years ended December 31, 2024 and 2023, as well as the Company's continued maintenance of a full valuation allowance against its net deferred tax assets due to its historical deficit.

### 10. Net Loss per Common Share

The following table sets forth the computation of the basic and diluted net loss per share attributable to common stockholders:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss attributable to common stockholders, basic and diluted	\$ (3,195,022)	\$ (2,349,727)	\$ (6,509,832)	\$ (4,870,202)
Weighted-average number of shares used in computing net loss per share attributable to common stockholders, basic and diluted	6,519,014	4,019,030	6,145,148	4,010,666
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.49)	\$ (0.58)	\$ (1.06)	\$ (1.21)

The following potentially dilutive securities have been excluded from the computations of diluted weighted average shares outstanding because they would be anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Option and RSUs to purchase common stock	817,314	126,676	817,314	126,676
Warrants to purchase common stock	1,915,844	193,234	1,915,844	193,234
Convertible note to purchase common stock	4,223,245	374,533	4,223,245	374,533
Total potential shares	6,956,403	694,443	6,956,403	694,443

### 11. Related Party Transactions

The following is a summary of related party transactions that met our disclosure threshold:

#### Working Capital Advances

The proceeds of the KY Note and ASE Note (see Note 5) were used for working capital advances. The total interest expense incurred in related to the notes for the three and six months ended June 30, 2024 were \$101,777 and \$132,855 compared to \$22,637 and \$26,057, for the three and six months ended June 30, 2023. As of June 30, 2024 and December 31, 2023, unpaid accrued interest expenses were \$220,488 and \$87,632, respectively.

#### Purchase and Sales

##### Ainos COVID-19 Test Kits Sales and Marketing Agreement with Ainos KY

On June 14, 2021, the Company entered into an exclusive agreement with Ainos KY to serve as the master sales and marketing agent for the Ainos COVID-19 Antigen Rapid Test Kit and COVID-19 Nucleic Acid Test Kit which were developed and manufactured by Taiwan Carbon Nano Technology Corporation (the "TCNT"), a controlling shareholder of Ainos KY (the "Sales and Marketing Agreement"). On June 7, 2021, the Taiwan Food and Drug Administration (the "TFDA") approved emergency use authorization (the "EUA") to TCNT for the Ainos COVID-19 Antigen Rapid Test Kit sold and

marketed under the "Ainos" brand in Taiwan. On June 21, 2022, the Company began marketing the Ainos SARS-CoV-2 Antigen Rapid Self-Test (together with Ainos COVID-19 Antigen Rapid Test Kit, the "COVID-19 Antigen Rapid Test Kits") under a separate EUA issued by the TFDA to TCNT on June 13, 2022.

The Company incurred costs associated with manufacturing COVID-19 Antigen Rapid Test Kits by TCNT pursuant to the Sales and Marketing Agreement, totaling nil for the three and six months ended June 30, 2024 compared with the amount for the three and six months ended June 30, 2023 of nil and \$46,635 respectively.

#### ***Manufacturing Service Agreement with TNCT for the VELDONA Pet cytoprotein supplements***

On August 28, 2023, the Company entered into a manufacturing service agreement with TCNT, together with another third-party vendor, to manufacture pet supplement products. The Company incurred costs totaling nil for the three and six months ended June 30, 2024.

As of June 30, 2024 and December 31, 2023, the accounts payable to TCNT were nil and \$323, respectively; and prepayment for COVID-19 Antigen Rapid Test Kits were \$21,872 and \$27,208, respectively.

#### ***COVID-19 Antigen Rapid Test Kits Sales***

The Company sold COVID-19 Antigen Rapid Test Kits to affiliates of ASE Test Inc., totaling nil for the three and six months ended June 30, 2024 compared with the three and six months ended June 30, 2023 amount of \$12,541 and \$12,541, respectively. As of June 30, 2024, and December 31, 2023, the accounts receivable to aforementioned related parties were nil, respectively.

#### ***Product Co-development Agreement***

Pursuant to a five-year Product Co-development Agreement effective on August 1, 2021 (the "Product Co-Development Agreement") with TCNT, the development expenses incurred were \$101,244 and \$191,838 for the three and six months ended June 30, 2024, respectively, compared to \$ 74,733 and \$152,196 for the three and six months ended June 30, 2023, respectively. The fee for non-exclusive use of patents were \$ 285,263 and \$569,862 for the three and six months ended June 30, 2024 and nil for the three and six months ended June 30, 2023, respectively. Advance payment \$ 138,615 and \$ 26,511 as of June 30, 2024 and December 31, 2023, respectively.

#### ***Miscellaneous***

The Company engaged Ms. Chien-Hsuan Huang as a medical device development consultant in September 2022 for one year. Ms. Huang is the spouse of one of the board of directors of the Company. The R&D expense was nil for the three and six months ended June 30, 2024 and \$ 19,618 and \$39,344 for the three and six months ended June 30, 2023, respectively.

#### ***12. Commitments and Contingencies***

The Company operates in an industry characterized by extensive patent litigation. Competitors may claim that the Company's products infringe upon their intellectual property. Resolution of patent litigation or other intellectual property claims is typically time consuming and costly and can result in significant damage awards and injunctions that could prevent the manufacture and sale of the affected products or require the Company to make significant royalty payments in order to continue selling the affected products. As of June 30, 2024, there were no such commitments or contingencies.

#### ***13. Subsequent Events***

##### ***Related Party Transaction***

As part of the Addendum Agreement entered into on July 8, 2024 as disclosed in Note 11, TCNT will provide non-exclusive use of certain patents related to VOC and POCT technologies for a monthly fee of \$95,000 (plus 5% indirect tax), with negotiable payment terms for extend another three months from July 2024 to September 2024.

##### ***Additional Conversion of the Senior Secured Convertible Notes Payable (Lind Note)***

On July 3, 2024, Lind converted a total of \$ 200,000 of the principal amount of Lind Note into 274,348 shares of common stock. The remaining principal amount of the Lind Note was \$1,585,330 after the conversion.

##### ***Repayment of the Senior Secured Convertible Notes Payable (Lind Note)***

On August 2, 2024, the Company has retired its remaining senior secured convertible debt (the "Note") with Lind Global Fund II LP, an institutional investment fund managed by The Lind Partners (together the "Investor"), as a result of conversions by the Investor and payments by the Company, which aggregates at a total of approximately US\$1.67 million.

#### ***Nasdaq Deficiency Notice***

On July 15, 2024 the Company received a deficiency letter from the Nasdaq Listing Qualifications Department (the "Staff") of The Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that, for the last 30 consecutive business days, the closing bid price for the Company's common stock has been below the minimum \$1.00 per share required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement"). The Nasdaq deficiency letter has no immediate effect on the listing of the Company's common stock, and its common stock will continue to trade on The Nasdaq Capital Market under the symbol "AIMD" at this time.

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been given 180 calendar days, or until January 13, 2025, to regain compliance with the Minimum Bid Price Requirement. If at any time before January 13, 2025, the bid price of the Company's common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days, the Staff will provide written confirmation that the Company has achieved compliance.

If the Company does not regain compliance with the Minimum Bid Price Requirement by January 13, 2025, the Company may be afforded a second 180 calendar day period to regain compliance. To qualify, the Company would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, except for the Minimum Bid Price Requirement. In addition, the Company would be required to notify Nasdaq of its intent to cure the deficiency during the second compliance period. If the Company meets these requirements, Nasdaq will inform the Company that it has been granted an additional 180 calendar days. However, if it appears to Staff that the Company will not be able to cure the deficiency, or if the Company is otherwise not eligible, Nasdaq will provide notice that the Company's securities are subject to delisting.

The Company intends to monitor the closing bid price of its common stock and may, if appropriate, consider available options to regain compliance with the Minimum Bid Price Requirement. However, there can be no assurance that the Company will be able to regain compliance with the Minimum Bid

Price Requirement or will otherwise be in compliance with other Nasdaq Listing Rules.

On July 19, 2024 the Company filed a Form 8-K with the SEC disclosing the herein matters.

## ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The unaudited condensed financial statements and this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2023 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Form 10-K for the period ended December 31, 2023 (the "2023 Annual Report"). In addition to historical information, this discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward-looking statements are subject to risks and uncertainties, including those set forth under "Part I. Item 1A. Risk Factors" in our 2023 Annual Report, "Part II. Item 1A. Risk Factors" in this Quarterly Report, and elsewhere in this Quarterly Report, that could cause actual results to differ materially from historical results or anticipated results.*

When used in this Quarterly Report, all references to "Ainos," the "Company," "we," "our" and "us" refer to Ainos, Inc.

### Overview

Ainos, Inc. (the "Company"), incorporated in the State of Texas in 1984, is a diversified healthcare company focused on the development of novel point-of-care testing (the "POCT"), therapeutics based on very low-dose interferon alpha (the "VELDONA"), and synthetic RNA-driven preventative medicine. Our product pipeline includes commercial-stage VELDONA Pet cytoprotein supplements, clinical-stage VELDONA human and animal therapeutics and telehealth-friendly POCTs powered by the AI Nose technology platform.

We have historically involved in the research and development of therapeutics based on VELDONA. Building on our research and development on VELDONA since inception, we are focused on commercializing a suite of VELDONA-based product candidates.

In 2021 and 2022, we acquired certain types of intellectual property from controlling shareholder, Ainos Inc., a Cayman Island corporation ("Ainos KY"), to expand product portfolio into POCTs aimed to provide connected, rapid, and convenient testing for a broad range of health conditions. Pivoting from the sales of COVID-19 POCT, we aim to commercialize POCTs that detect volatile organic compounds (the "VOC") emitted by the body, powered by our AI Nose technology platform. Our lead VOC POCT candidate, Ainos Flora, aims to test female vaginal health and certain common sexually transmitted infections (the "STIs") quickly and easily.

### Our Pipeline

An integral part of our operating strategy is to create multiple revenue streams through sales of commercially ready products, out-licensing or forming strategic relationships to develop and commercialize our products. As of June 30, 2024, we have commercialized the following products:

- **COVID-19 Antigen Rapid Test Kit.** As the first commercialized products we sell, we have marketed COVID-19 antigen rapid test kits in Taiwan under emergency use authorization ("EUA") issued by the Taiwan Federal and Drug Administration ("TFDA") to TCNT, the product manufacturer. We have pivoted away from this business and have ceased selling the product since the first quarter of 2024.
- **VELDONA Pet.** VELDONA Pet is cytoprotein supplement formulated to address a variety of health issues in dogs and cats, including skin, gum, emotion, discomfort caused by allergies, eye, and weight-related issues. We currently sell VELDONA Pet in Taiwan.

From time to time, we assess our development plan based on available resources and market dynamics. Our current pipeline of the products, which are under development, includes the following:

- **VELDONA human and animal drugs.** Our programs include oral warts for human immunodeficiency virus (HIV) seropositive patients, Sjögren's syndrome common cold, influenza. We have conducted Phase 2 studies for these programs. The United States Food and Drug Administration (the "U.S. FDA") have granted orphan drug designation for our VELDONA formulation as a potential treatment for oral warts in HIV-seropositive patients. In the second quarter of 2024 we announced a plan to initiate a clinical study for feline chronic gingivostomatitis (FCGS), a cat oral disease, as an effort to explore VELDONA's opportunity as an animal drug.
- **VOC POCT – Ainos Flora.** Ainos Flora, powered by AI Nose, is intended to perform a non-invasive test for female vaginal health and certain common STIs within a few minutes. A companion app is also being developed that aims to enable users to conveniently manage test results. We believe Ainos Flora can provide connected, convenient, discreet, rapid testing in a point-of-care setting. We are conducting clinical study in Taiwan and exploring strategic opportunities to commercialize the product. To further optimize the product for at-home testing, we are developing a next generation Ainos Flora device that implements compute unified device architecture (CUDA), a parallel computing platform for accelerated computing on graphical processing units.
- **VOC platform – NISD co-development.** We are co-developing a VOC sensing platform with Nissinbo Micro Devices Inc. ("NISD") and Taiwan Inabata Sangyo Co. ("Taiwan Inabata"). The platform under development is intended to be used in applications including telehealth, automotive, industrial, and environmental safety.
- **VOC POCT – Ainos Pen.** The device is intended to be a cloud-connected, multi-purpose, portable breath analyzer that is intended to monitor health conditions within minutes, powered by AI Nose. We expect consumers to be empowered to share test results with their physicians through in-person and telehealth medical consultations.
- **VOC POCT – CHS430.** The CHS430 device, powered by AI Nose, is intended to provide non-invasive testing for ventilator-associated pneumonia within few minutes, as compared to current standard of care invasive culture tests that typically take more than two days to provide results.
- **Synthetic RNA ("SRNA").** We plan develop a SRNA technology platform in Taiwan with a long-term goal of developing next-generating precision treatments and rapid tests.

An integral part of our operating strategy is to create multiple revenue streams through commercializing our product portfolio and leveraging our intellectual property patents. Our near-term development plans encompass advancing our flagship VOC POCT candidate, Ainos Flora, and co-developing a VOC sensing platform with our partners. At the same time, we will advance clinical studies and actively pursue the out-licensing of

VELDONA human drug candidates and we are developing opportunities in the animal drug market.

As of June 30, 2024, we had available cash and cash equivalents of \$8,014,098. We anticipate business revenues and further potential financial support from external sources to fund our operations over the next twelve months. We have based this estimate on assumptions that may prove to be incorrect, and we could exhaust our available capital resources sooner than we expect. See "Liquidity and Capital Resources" for additional information. To finance our continuing operations, we will need to raise additional capital, which cannot be assured.

Our operating revenue previously came from the sale of COVID-19 test kits in Taiwan under emergency use authorization, since the expiration of EUA to TCNT, the company ceased the sale of the Ainos COVID-19 antigen rapid test kits in first quarter of 2024. The company began to generate sales revenue from VELDONA Pet in the third quarter of 2023. In Taiwan, we are primarily selling VELDONA Pet on certain e-commerce platforms.

We believe that post COVID-19, consumers have become increasingly familiar with at-home tests. Moving forward, people may seek additional at-home tests to manage other infections as quickly as possible. Home self-testing has become increasingly available for other infections such as vaginal infections or STIs. We believe this new user behavior, supported by a variety of telehealth platforms, will facilitate consumer adoption of our other POCT product candidates.

**Results of Operations for Quarter Ended June 30, 2024 ("Q2 2024") and June 30, 2023 ("Q2 2023"):**

	Three months ended June 30,		Change	
	2024	2023	Amount	%
Revenues	\$ -	\$ 28,555	\$ (28,555)	(100)%
Cost of revenues	(25,373)	(55,817)	30,444	(55)%
Gross loss	(25,373)	(27,262)	1,889	(7)%
Operating expenses:				
Research and development expenses	1,978,756	1,671,187	307,569	18%
Selling, general and administrative expenses	1,044,880	618,149	426,731	69%
Total operating expenses	3,023,636	2,289,336	734,300	32%
Loss from operations	(3,049,009)	(2,316,598)	(732,411)	32%
Non-operating (expenses) income, net:				
Interest expense	(118,759)	(40,311)	(78,448)	195%
Issuance cost of senior secured convertible note measured at fair value	-	-	-	-
Fair value change for senior secured convertible note	(66,844)	-	(66,844)	-
Other income, net	39,590	7,182	32,408	451%
Total non-operating expenses, net	(146,013)	(33,129)	(112,884)	341%
Net loss before income taxes	(3,195,022)	(2,349,727)	(845,295)	36%
Provision for income taxes	-	-	-	-
Net loss	\$ (3,195,022)	\$ (2,349,727)	\$ (845,295)	36%

**Revenues, Cost and Gross Loss**

The Company reported nil and \$28,555 in revenue in Q2 2024 and Q2 2023, respectively, from product sales of VELDONA pet cytoprotein supplements and Ainos COVID-19 Antigen Rapid Test Kits in Taiwan respectively. The Company launched its VELDONA pet cytoprotein supplement products in the third quarter of 2023; due to the expiration of EUA, the company ceased the sale of the Ainos COVID-19 antigen rapid test kits in the first quarter of 2024. There are few sales volume in 2024 Q2 but offset by exchange rate fluctuations.

The cost of revenue related to product sales in Q2 2024 was \$25,373 compared to \$55,817 in Q2 2023. The decrease in cost of revenue was due to the decrease in sales volume.

The share-based compensation expense and the depreciation expense for manufacturing in Q2 2024 and Q2 2023 were \$4,516 and \$24,366, respectively. When excluding these non-cash cost, cost of revenue decreased to \$20,857 in Q2 2024 compared to \$31,451 in Q2 2023.

Gross loss from product sales in Q2 2024 was \$25,373 as compared to \$27,262 gross loss from product sales in Q2 2023. The decrease in gross loss was due to low sales volume for newly launched products, and a reduced cost of revenue.

When excluding these non-cash costs, gross loss increased to \$20,857 in Q2 2024 compared to \$2,896 gross loss in Q2 2023.

**Research and Development (R&D) Expenses**

R&D expenses in Q2 2024 and Q2 2023 were \$1,978,756 and \$1,671,187, respectively. The increase of \$307,569 (18%) was due to increased expenses associated with co-research for technology and product, as well as staffing expenditures (including share-based compensation), which were offset by a decrease in professional expense. We expect that our R&D expenses related to clinical trials will continue to grow as we further develop VOC POCT and VELDONA drug candidates and increase the pace of clinical trials previously delayed during the COVID-19 pandemic.

The share-based compensation expense and the depreciation and amortization expense in Q2 2024 and Q2 2023 were \$1,276,777 and \$1,210,429, respectively. Excluding these non-cash expenses, R&D expenses increased to \$701,979 in Q2 2024 from \$460,758 in Q2 2023.

**Selling, General and Administrative (SG&A) Expenses**

SG&A expenses were \$1,044,880 and \$618,149 in Q2 2024 and Q2 2023, respectively, reflecting an increase of \$426,731 (69%) due to a significant increase in staffing expenditures (including share-based compensation) and professional expenses and Nasdaq and SEC filing fees. RSUs granted to officers and employees of the Company require a service period of 3 years and therefore, the total amount of the compensation expense was amortized over the service period.

The share-based compensation expense and the depreciation and amortization expense in Q2 2024 and Q2 2023 were \$338,669 and \$121,025,

respectively. Excluding these non-cash expenses, SG&A expenses increased to \$706,211 in Q2 2024 compared to \$497,124 in Q2 2023.

#### Operating Loss

The Company's operating loss was \$3,049,009 and \$2,316,598 in Q2 2024 and Q2 2023, respectively, reflecting a \$732,411 (32%) increase in operating loss between the reporting periods. We incurred a gross loss in product sales. We continued to invest resources to execute our growth strategy and product roadmap to improve our profitability.

#### Interest Expense

In Q2 2024, interest expense was \$118,759 compared to \$40,311 in Q2 2023. The increase in interest expense was due to accrued interest for convertible notes issued in May 2024.

#### Net Loss

Net loss was \$3,195,022 in Q2 2024 compared to \$2,349,727 in Q2 2023, resulting in a \$845,295 (36%) increase in net loss attributable to our shareholders of common stock. The net loss was due to an expanding operating expense. We continued to invest resources to execute our growth strategy and product roadmap to improve our profitability.

#### Results of Operations for Six Months Ended June 30, 2024 ("H1 2024") and June 30, 2023 ("H1 2023"):

	Six months ended June 30,		Change	
	2024	2023	Amount	%
Revenues	\$ 20,729	\$ 77,719	\$ (56,990)	(73)%
Cost of revenues	(52,127)	(156,665)	104,538	(67)%
Gross loss	(31,398)	(78,946)	47,548	(60)%
Operating expenses:				
Research and development expenses	4,063,404	3,370,070	693,334	21%
Selling, general and administrative expenses	2,074,298	1,380,614	693,684	50%
Total operating expenses	6,137,702	4,750,684	1,387,018	29%
Loss from operations	(6,169,100)	(4,829,630)	(1,339,470)	28%
Non-operating (expenses) income, net:				
Interest expense	(167,455)	(49,585)	(117,870)	238%
Issuance cost of senior secured convertible note measured at fair value	(138,992)	-	(138,992)	-
Fair value change for senior secured convertible note	(98,412)	-	(98,412)	-
Other income, net	64,127	9,013	55,114	611%
Total non-operating expenses, net	(340,732)	(40,572)	(300,160)	740%
Net loss before income taxes	(6,509,832)	(4,870,202)	(1,639,630)	34%
Provision for income taxes	-	-	-	-
Net loss	\$ (6,509,832)	\$ (4,870,202)	\$ (1,639,630)	34%

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#### Revenues, Cost and Gross Loss

The Company reported \$20,729 and \$77,719 in revenue in H1 2024 and H1 2023, respectively, from product sales of VELDONA pet cytoprotein supplements and Ainos COVID-19 Antigen Rapid Test Kits in Taiwan respectively. The Company launched its VELDONA pet cytoprotein supplement products in the third quarter of 2023; due to the expiration of EUA, the company ceased the sale of the Ainos COVID-19 antigen rapid test kits in the first quarter of 2024.

The cost of revenue related to product sales in H1 2024 was \$52,127 compared to \$156,665 in H1 2023. The decrease in cost of revenue was due to the decrease in sales volume.

The share-based compensation expense and the depreciation expense for manufacturing in H1 2024 and H1 2023 were \$9,032 and \$48,354, respectively. When excluding these non-cash cost, cost of revenue decreased to \$43,095 in H1 2024 compared to \$108,311 in H1 2023.

Gross loss from product sales in H1 2024 was \$31,398 as compared to \$78,946 gross loss from product sales in H1 2023. The decrease in gross loss was due to low sales volume for newly launched products, and a lower cost of revenue.

When excluding these non-cash costs, gross loss decreased to \$22,366 in H1 2024 compared to \$30,592 gross loss in H1 2023.

#### Research and Development (R&D) Expenses

R&D expenses in H1 2024 and H1 2023 were \$4,063,404 and \$3,370,070, respectively. The increase of \$693,334 (21%) was due to increased expenses associated with co-research for technology and product and staffing expenditures (including share-based compensation), which were offset by a decrease in professional expense. We expect that our R&D expenses related to clinical trials will continue to grow as we further develop VOC POCT and VELDONA drug candidates and increase the pace of clinical trials previously delayed during the COVID-19 pandemic.

The share-based compensation expense and the depreciation and amortization expense in H1 2024 and H1 2023 were \$2,561,120 and \$2,405,414, respectively. When excluding these non-cash expenses, R&D expenses increased to \$1,502,284 in H1 2024 from \$964,656 in H1 2023.

#### Selling, General and Administrative (SG&A) Expenses

SG&A expenses were \$2,074,298 and \$1,380,614 in H1 2024 and H1 2023, respectively, reflecting an increase of \$693,684 (50%) due to a significant increase in staffing expenditures (including share-based compensation) and professional expenses. RSUs granted to officers and employees of the Company require a service period of 3 years and therefore, the total amount of the compensation expense was amortized over the service period.

The share-based compensation expense and the depreciation and amortization expense in H1 2024 and H1 2023 were \$676,622 and \$327,495, respectively. When excluding these non-cash expenses, SG&A expenses increased to \$1,397,676 in H1 2024 compared to \$1,053,119 in H1 2023.

## Operating Loss

The Company's operating loss was \$6,169,100 and \$4,829,630 in H1 2024 and H1 2023, respectively, reflecting a \$1,339,470 (28%) increase in operating loss between the reporting periods. We incurred a gross loss in product sales. We continued to invest resources to execute our growth strategy and product roadmap to improve our profitability.

## Interest Expense and Issuance Cost of Convertible Note

In H1 2024, interest expense was \$167,455 compared to \$49,585 in H1 2023. The increase in interest expense was due to accrued interest for convertible notes issued in May 2024.

On January 23, 2024, the Company received an Increased Funding Amount and incurred an issuance cost including investor and placement agent fees, as well as legal fees. \$138,992 of the issuance cost was expensed for the amendment of funding received and closed by the Company.

## Net Loss

Net loss was \$6,509,832 in H1 2024 compared to \$4,870,202 in H1 2023, resulting in a \$1,639,630 (34%) increase in net loss attributable to our shareholders of common stock. The net loss was due to an expanding operating expense. We continued to invest resources to execute our growth strategy and product roadmap to improve our profitability.

## Liquidity and Capital Resources

As of June 30, 2024 and December 31, 2023, the Company had available cash of \$8,014,098 and \$1,885,628, respectively.

The following table summarizes our cash flow during the three months period ended June 30, 2024 and 2023:

	Six months ended June 30,	
	2024	2023
Net cash used in operating activities	(3,468,892)	(2,578,453)
Net cash used in investing activities	(119,792)	(71,262)
Net cash provided by financing activities	9,777,500	2,185,974

### **Operating activities:**

Cash used in operating activities decreased by \$890,439 during the H1 of 2024 compared to the H1 of 2023. Our net loss for the H1 of 2024 increased by \$1,639,630 primarily due to increase of operating expenses. The operating cash outflow as a result of changes in operating assets and liabilities was mainly attributable to:

- Non-cash expenses including share-based compensation, depreciation and amortization, loss on inventory write-downs, issuance cost of secured convertible note, and change in fair value of senior secured convertible note increased approximately by \$645,500;
- Working capital injected into accounts receivable, inventories and other current assets decreased by approximately \$17,000; and
- Working capital injected into accrued expenses, operating lease liabilities, contract liabilities and other current and long-term liabilities increased by approximately \$120,600.

### **Investing activities**

Cash used for investing activities were \$119,792 and \$71,262 during the H1 of 2024 and the H1 of 2023, respectively. The increase was due to increase in refundable deposits and other noncurrent assets offset by decrease in purchase of property and equipment.

### **Financing activities**

Cash provided by financing activities were \$9,777,500 and \$2,185,974 during the H1 of 2024 and the H1 of 2023, respectively. The \$7,591,526 increase was primarily reflected by the following:

- Repayment of convertible notes and other notes payable decreased by \$314,026;
- Proceeds from convertible notes and other notes payable financing increased by \$7,375,000; and
- Payments of issuance cost of senior secured convertible note measured at fair value increased by \$97,500.

As disclosed in Note 5 (Convertible Notes Payable and Other Notes Payable), to our accompanying condensed financial statements we received \$875,000 in proceeds from the Lind Note transaction in January 2024.

As disclosed in Note 5 (Convertible Notes Payable and Other Notes Payable), to our accompanying condensed financial statements we received \$9,000,000 in proceeds from the ASE Note transaction in May 2024.

In the near-term, we expect an increase in the pace of clinical trial spending to advance our VOC POCT and VELDONA drug candidates and expect to invest more in R&D activities. We may also increase our sales and marketing efforts.

The Company anticipates that cash reserves, business revenues, and potential debt financing through convertible and non-convertible notes will fund the Company's operations over the next twelve months. There can be no assurance that we will be successful in our efforts to make the Company profitable. If those efforts are not successful, the Company may raise additional capital through the issuance of equity securities, debt financings or other sources to further implement its business plan. However, if such financing is not available when needed and at adequate levels, the Company will need to reevaluate its operating plan.

## Critical Accounting Policies and Significant Management Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our unaudited condensed financial statements, which have been prepared in accordance with the accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses.

We evaluate our estimates and judgments, including those related to inventory valuation, useful lives of property and equipment, valuation of stock option, warrants and convertible note, and impairment testing of intangible assets, on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates disclosed in "Management's Discussion and Analysis - Critical Accounting Policies and Significant Management Estimates" of our 2023 Annual Report, except for those accounting subjects discussed in the Notes, if any, to the unaudited condensed financial statements included in this Quarterly Report on Form 10-Q.

#### **ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**

We are a smaller reporting company as defined in Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this Item 3.

#### **ITEM 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2024.

##### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal controls over financial reporting during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## **PART II - OTHER INFORMATION**

#### **ITEM 1. Legal Proceedings**

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. 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. As of the date of this report, we were not aware of any material legal proceedings involving the Company.

#### **ITEM 1A. Risk Factors**

*This Quarterly Report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in this Quarterly Report. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Quarterly Report.*

*You should carefully consider the risk factors disclosed in our 2023 Annual Report, together with all other information in this Quarterly Report, including our unaudited condensed financial statements and notes thereto, and in our other filings with the Securities and Exchange Commission. If any such risks, including the risk set out below, or other risks not presently known to us or that we currently believe to not be significant, develop into actual events, then our business, financial condition, results of operations or prospects could be materially adversely affected. If that happens, the market price of our common stock could decline, and stockholders may lose all or part of their investment.*

Information on risk factors can be found in Part I, Item 1A (Risk Factors) of our 2023 Annual Report. There have been no material changes from the risk factors previously disclosed in our 2023 Annual Report, other than the risk factor set forth below.

***All of our assets, subject to certain exceptions, have been pledged as security for the Lind Note and if we default on our obligations, we may suffer adverse consequences, including foreclosure on our assets.***

In connection with the issuance of the Lind Note, we signed a security agreement whereby all of our assets, subject to certain exceptions, have been pledged as collateral to secure our obligations thereunder. If we default on our obligations, Lind may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests or their superior claim. In such event, we may be forced to sell our investments or take other actions to raise funds to repay our outstanding obligations in order to avoid foreclosure and these could significantly impair our ability to effectively operate our business in the manner in which we intend to operate. As a result, we could be forced to curtail or cease clinical trials or commercialization of products.

#### **ITEM 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities**

##### **Recent Sales of Unregistered Equity Securities**

During the three months ended June 30, 2024, we did not issue any securities that were either (a) unregistered pursuant to the Securities Act or (b) not previously disclosed in a Current Report on Form 8-K.

##### **Issuer Purchase of Equity Securities**

Not applicable.

##### **Use of Proceeds of Registered Securities**

Not applicable.

#### **ITEM 3. Defaults Upon Senior Securities**

None

#### **ITEM 4. Mine Safety Disclosures**

Not applicable

#### ITEM 5. Other Information

None

#### ITEM 6. Exhibits

##### EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	FILED WITH THIS FORM	INCORPORATED BY REFERENCE			
			FILING DATE WITH SEC	FORM	EXH #	HYPERLINK TO FILINGS
3.1	<a href="#">Amended and Restated Bylaws of Ainos, Inc.</a>	10-Q	6/20/2024	8-K	3.1	<a href="#">Amended and Restated Bylaws of Ainos, Inc.</a>
4.1	<a href="#">Voting Deed, dated as of May 3, 2024, by and among Ainos, Inc., a Cayman Islands company, and ASE Test, Inc.</a>		5/6/2024	8-K	4.1	<a href="#">Voting Deed, dated as of May 3, 2024, by and among Ainos, Inc., a Cayman Islands company, and ASE Test, Inc.</a>
4.2	<a href="#">Convertible Promissory Note, dated as of May 3, 2024, issued by Ainos, Inc. in favor of ASE Test, Inc. in the principal amount of US\$9,000,000.</a>		5/6/2024	8-K	4.2	<a href="#">Convertible Promissory Note, dated as of May 3, 2024, issued by Ainos, Inc. in favor of ASE Test, Inc. in the principal amount of US\$9,000,000.</a>
4.3	<a href="#">Common Stock Warrant, dated as of May 3, 2024, issued by Ainos, Inc. to ASE Test, Inc.</a>		5/6/2024	8-K	4.3	<a href="#">Common Stock Warrant, dated as of May 3, 2024, issued by Ainos, Inc. to ASE Test, Inc.</a>
10.1	<a href="#">Convertible Note and Warrant Purchase Agreement, dated May 3, 2024, by and between Ainos, Inc. and ASE Test, Inc.</a>		5/6/2024	8-K	10.1	<a href="#">Convertible Note and Warrant Purchase Agreement, dated May 3, 2024, by and between Ainos, Inc. and ASE Test, Inc.</a>
10.2	<a href="#">English Translation of Second Addendum to the Product Development Agreement, dated July 8, 2024</a>		7/12/2024	8-K	10.1	<a href="#">English Translation of Second Addendum to the Product Development Agreement</a>
31.1	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002</a>		x			
31.2	<a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002</a>		x			
32.1	<a href="#">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</a>		x			
32.2	<a href="#">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</a>		x			
100	XBRL – Related Documents		x			
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the XBRL document.		x			
101.SCH	XBRL Taxonomy Extension Schema Document		x			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase		x			
101.DEF	XBRL Taxonomy Extension Definition Linkbase		x			
101.LAB	XBRL Taxonomy Extension Label Linkbase		x			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase		x			
104.1	Cover Page Interactive Data File		x			

##### SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AINOS, INC.

Date: August 05, 2024

By: /s/ Chun-Hsien Tsai

Chun-Hsien Tsai, Chairman of the Board, President, and Chief Executive Officer

Date: August 05, 2024

By: /s/ Hsin-Liang Lee

Hsin-Liang Lee, Chief Financial Officer



## SECTION 302 CERTIFICATION

I, Chun-Hsien Tsai, certify that:

1. I have reviewed this report on Form 10-Q of Ainos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of 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 periods 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 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, 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 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 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: August 05, 2024

*/s/ Chun-Hsien Tsai*

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Chun-Hsien Tsai, Principal Executive Officer  
(Chairman of the Board, President, and Chief Executive Officer)

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## SECTION 302 CERTIFICATION

I, Hsin-Liang Lee, certify that:

1. I have reviewed this report on Form 10-Q of Ainos, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of 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 periods 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 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, 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 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 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: August 05, 2024

*/s/ Hsin-Liang Lee*

Hsin-Liang Lee, Principal Financial Officer  
(Chief Financial Officer)

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**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**

In connection with the Quarterly Report of Ainos, Inc. on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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 operation of the Company.

AINOS, INC.

Date: August 05, 2024

By: /s/ Chun-Hsien Tsai

Chun-Hsien Tsai, Principal Executive Officer  
(Chairman of the Board, President, and Chief Executive Officer)

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**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**

In connection with the Quarterly Report of Ainos, Inc. on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby 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 operation of the Company.

AINOS, INC.

Date: August 05, 2024

By: /s/ Hsin-Liang Lee

Hsin-Liang Lee, Principal Financial Officer  
(Chief Financial Officer)

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