

**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 December 31, 2023

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934:

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

Commission file number: 001-41882

**INNO HOLDINGS INC.**

(Exact name of registrant as specified in its charter)

**Texas**

(State or Other Jurisdiction  
of Incorporation or Organization)

**87-4294543**

(I.R.S. Employer  
Identification No.)

**2465 Farm Market 359 South , Brookshire, TX 77423**  
(Address of principal executive offices, including ZIP Code)

**(800) 909-8800**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common stock, no par value</b>	<b>INHD</b>	<b>The Nasdaq Stock Market</b>

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☒

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

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

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

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

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

The registrant was not a public company as of the last business day of its most recently completed second fiscal quarter and, therefore, cannot calculate the aggregate market value of its voting and non-voting common equity held by non-affiliates as of such date.

As of February 14, 2024, there were 20,751,726 shares of common stock, no par value, issued and outstanding.

## TABLE OF CONTENTS

		<b>PAGE</b>
<b>PART I</b>	<b>FINANCIAL INFORMATION</b>	
ITEM 1:	<a href="#">Financial Statements</a>	1
	<a href="#">Condensed Consolidated Balance Sheets - December 31, 2023 (Unaudited) and September 30, 2023</a>	1
	<a href="#">Condensed Consolidated Statements of Operations - Three Months Ended December 31, 2023 and 2022 (Unaudited)</a>	3
	<a href="#">Condensed Consolidated Statements of Changes in Stockholders' Equity - Three Months Ended December 31, 2023 and 2022 (Unaudited)</a>	4
	<a href="#">Condensed Consolidated Statements of Cash Flows - Three Months Ended December 31, 2023 and 2022 (Unaudited)</a>	5
	<a href="#">Notes to Condensed Consolidated Financial Statements (Unaudited)</a>	6
ITEM 2:	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	20
ITEM 4:	<a href="#">Controls and Procedures</a>	25
<b>PART II</b>	<b>OTHER INFORMATION</b>	
ITEM 1:	<a href="#">Legal Proceedings</a>	26
ITEM 2:	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	26
ITEM 3:	<a href="#">Defaults Upon Senior Securities</a>	26
ITEM 6:	<a href="#">Exhibits</a>	26
	<b>SIGNATURES</b>	27

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this quarterly report, including in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially. When used in this annual report, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions, as they relate to us or our management, identify forward-looking statements. Such statements include, but are not limited to, statements contained in this annual report relating to our business strategy, our future operating results, and our liquidity and capital-resources outlook. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees of assurance of future performance. We caution you, therefore, against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, without limitation:

- our ability to effectively operate our business segments;
- our ability to manage our research, development, expansion, growth, and operating expenses;
- our ability to evaluate and measure our business, prospects, and performance metrics;
- our ability to compete, directly and indirectly, and succeed in a highly competitive and evolving industry;
- our ability to respond and adapt to changes in technology and customer behavior;
- our ability to protect our intellectual property and to develop, maintain, and enhance a strong brand; and
- other factors relating to our industry, our operations, and results of operations.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

### INNO HOLDINGS INC. AND SUBSIDIARIES Condensed Consolidated Balance Sheets As of December 31, 2023 (unaudited) and September 30, 2023

	December 31, 2023 (unaudited)	September 30, 2023
<b>ASSETS</b>		
Current assets		
Cash and cash equivalent	\$ 7,677,270	\$ 4,898
Accounts receivable, net	70,435	70,435
Inventories	388,911	394,293
Deferred offering costs	-	538,765

Prepayments and other current assets	150,820	180,467
Total current assets	8,287,436	1,188,858
Non-current assets		
ROU assets	394,657	437,770
Property and equipment, net	901,157	869,584
Other non-current assets	49,550	49,550
Total non-current assets	1,345,364	1,356,904
Total assets	\$ 9,632,800	\$ 2,545,762
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable	\$ 896,519	\$ 781,056
Accounts payable – related party	535,595	535,595
Unearned revenue	1,019,525	1,137,828
Other current liabilities	690,556	92,164
Other payables – related party	270,000	504,372
Short-term loan payable	502,911	790,000
Lease liability – current	237,563	212,277
Long-term notes payable – current portion	54,025	49,393
Total current liabilities	4,206,694	4,102,685
Non-current liabilities		
Notes payable	98,127	110,846
Lease liability – non-current	229,295	275,817
Total non-current liabilities	327,422	386,663
Total liabilities	4,534,116	4,489,348
Commitments and contingency	—	—

1

**INNO HOLDINGS INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
**As of December 31, 2023 (unaudited), and September 30, 2023**

	December 31, 2023 (unaudited)	September 30, 2023
Stockholders' Equity (Deficit)		
Common stock, no par value; 100,000,000 shares authorized; 20,751,726 and 18,251,726 shares issued and outstanding at December 31, 2023 and September 30, 2023	—	—
Additional paid in capital	10,689,534	2,830,000
Accumulated deficit	(5,326,333)	(4,524,815)
Noncontrolling interest	(264,517)	(248,771)
Total equity (deficit)	5,098,684	(1,943,586)
Total liabilities and equity (deficit)	\$ 9,632,800	\$ 2,545,762

\* On November 30, 2022, the Company implemented a 2-for-1 forward split of the issued and outstanding shares of Common Stock of the Company. Further on July 24, 2023, the Company effected a reverse stock split (the "Reverse Stock Split") of the Company's issued and outstanding shares of the common stock at a split ratio of 1-for-2 such that every holder of common stock of the Company shall receive one share of common stock for every two shares of common stock held and to reduce the number of authorized shares of common stock from 200,000,000 to 100,000,000. All references to number of shares, and to per share information in the consolidated financial statements have been retroactively adjusted.

The accompanying notes are an integral part of these Condensed Consolidated financial statements

2

**INNO HOLDINGS INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**  
**For the Three Months Ended December 31, 2023 and 2022 (unaudited)**

	For the Three Month Ended December 31,	
	2023	2022
REVENUES	\$ 166,617	\$ 309,001
COSTS AND EXPENSES:		
Costs of materials and labor	169,617	283,812
Selling, general and administrative expenses (exclusive of depreciation and bad debt expense shown separately below)	785,536	462,101
Depreciation	21,060	15,019
Bad debt expense	-	400,600
Total costs and expenses	976,213	1,161,532
LOSS FROM OPERATIONS	(809,596)	(852,531)
OTHER INCOME (EXPENSE)		
Interest expenses, net	(6,629)	(18,988)

Other non-operating (expense) income	(239)	491
Total other expenses, net	(6,868)	(18,497)
LOSS BEFORE INCOME TAXES	(816,464)	(871,028)
PROVISION FOR INCOME TAXES	800	-
NET LOSS	(817,264)	(871,028)
Non-controlling interest	(15,746)	(30,023)
NET LOSS ATTRIBUTABLE TO INNO HOLDINGS INC.	<u>\$ (801,518)</u>	<u>\$ (841,005)</u>
WEIGHTED AVERAGE NUMBER OF COMMON STOCK		
Basic and diluted	<u>18,604,987</u>	<u>17,988,634</u>
LOSSES PER SHARE		
Basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.05)</u>

\* On November 30, 2022, the Company implemented a 2-for-1 forward split of the issued and outstanding shares of Common Stock of the Company. Further on July 24, 2023, the Company effected a reverse stock split (the "Reverse Stock Split") of the Company's issued and outstanding shares of the common stock at a split ratio of 1-for-2 such that every holder of common stock of the Company shall receive one share of common stock for every two shares of common stock held and to reduce the number of authorized shares of common stock from 200,000,000 to 100,000,000. The computation of basic and diluted losses per share were retroactively adjusted for all periods presented.

The accompanying notes are an integral part of these Condensed Consolidated financial statements

3

**INNO HOLDINGS INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
**For the Three Months Ended December 31, 2023 and 2022**

	<b>Common Stock*</b>		<b>Additional Paid in Capital</b>	<b>Retained Earnings (Accumulated Deficit)</b>	<b>Non- controlling interest</b>	<b>Subscription Receivable</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>					
Balance, September 30, 2022	17,970,000	\$ —	\$ 1,805,000	\$ (629,037)	\$ (121,345)	\$ —	\$ 1,054,618
Net loss	—	—	—	(841,005)	(30,023)	—	(871,028)
Shares issued for cash	142,857	—	500,000	—	—	(500,000)	—
Balance, December 31, 2022 (unaudited)	<u>18,112,857</u>	<u>\$ —</u>	<u>\$ 2,305,000</u>	<u>\$ (1,470,042)</u>	<u>\$ (151,368)</u>	<u>\$ (500,000)</u>	<u>\$ 183,590</u>
Balance, September 30, 2023	18,251,726	\$ —	\$ 2,830,000	\$ (4,524,815)	\$ (248,771)	\$ —	\$ (1,943,586)
Net loss	—	—	—	(801,518)	(15,746)	—	(817,264)
Shares issued upon IPO completion	2,500,000	—	7,859,534	—	—	—	7,859,534
Balance, December 31, 2023 (unaudited)	<u>20,751,726</u>	<u>\$ —</u>	<u>\$ 10,689,534</u>	<u>\$ (5,326,333)</u>	<u>\$ (264,517)</u>	<u>\$ —</u>	<u>\$ 5,098,684</u>

\* On January 21, 2022, the sole owner of the Company and Inno Metal Studs Corp. ("IMSC"), Mr. Dekui Liu, entered into an agreement to sell 100% of his ownership in IMSC for 15,170,000 shares of the Company's common stock (the "Transaction"). Under ASC 805-40 and ASC 805-50, the Transaction was considered as a reverse acquisition between entities under common control. Accordingly, the outstanding shares of common stock upon completion of the Transaction was presented retroactively as outstanding for all reporting periods.

\* On November 30, 2022, the Company implemented a 2-for-1 forward split of the issued and outstanding shares of Common Stock of the Company. Further on July 24, 2023, the Company effected a reverse stock split (the "Reverse Stock Split") of the Company's issued and outstanding shares of the common stock at a split ratio of 1-for-2 such that every holder of common stock of the Company shall receive one share of common stock for every two shares of common stock held and to reduce the number of authorized shares of common stock from 200,000,000 to 100,000,000. All references to number of shares, and to per share information in the consolidated financial statements have been retroactively adjusted.

The accompanying notes are an integral part of these Condensed Consolidated financial statements

4

**INNO HOLDINGS INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**

	<b>For the Three Months Ended December 31, (unaudited)</b>	
	<b>2023</b>	<b>2022</b>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (817,264)	\$ (871,028)
Adjustments to reconcile net income to cash (used in) provided by operating activities:		
Depreciation expense	21,060	15,019
Stock-based compensation expense	31,250	—
Non-cash operating lease expense	21,877	1,235
Bad debt expense	—	400,600
Fixed assets disposal loss	250	—
Change in operating assets and liabilities		

Accounts receivable	—	410,892
Inventories	5,382	(290,437)
Deferred offering costs	(51,701)	(87,500)
Prepayments and other current assets	(1,603)	97,900
Accounts payable	115,463	342,475
Unearned revenue	(118,303)	99,757
Other current liabilities	598,392	13,232
Other non-current liabilities	—	(2,457)
Net cash (used in) provided by operating activities	(195,197)	129,688
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Fixed assets additions	(54,452)	(226,900)
Proceed from fixed assets disposal	1,569	—
Net cash used in investing activities	(52,883)	(226,900)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from related parties	91,000	2,867
Payments to related parties	(325,372)	—
Proceeds from short-term loans	—	500,000
Payments to short-term loans	(287,089)	—
Payment to long-term note	(8,087)	(11,522)
Proceeds from IPO	8,450,000	—
Net cash provided by financing activities	7,920,452	491,345
<b>CHANGES IN CASH</b>	<b>7,672,372</b>	<b>394,133</b>
CASH AND CASH EQUIVALENT, beginning of period	4,898	50,628
CASH AND CASH EQUIVALENT, ending of period	<u>\$ 7,677,270</u>	<u>\$ 444,761</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for income tax	<u>\$ —</u>	<u>\$ —</u>
Cash paid for interest	<u>\$ 14,826</u>	<u>\$ 18,988</u>
Noncash deferred offering costs offset to APIC upon IPO completion	<u>\$ 590,466</u>	<u>\$ —</u>

The accompanying notes are an integral part of these Condensed Consolidated financial statements

## INNO HOLDINGS INC. AND SUBSIDIARIES

### Notes to Condensed Consolidated Financial Statements

#### Note 1 — Nature of business and organization

INNO HOLDINGS, INC., a Texas corporation (the “Company”), was incorporated on September 8, 2021. The Company is principally engaged in the marketing and sale of construction products along with full-scope construction services in the US.

On January 18, 2022, the Company formed a limited liability company, Castor Building Tech LLC (“CBT”), in California. The Company owned 53% of the equity interest in CBT. On October 16, 2023, the Company and the noncontrolling interest parties reached a new ownership agreement that the Company’s ownership changed to 55%. According to the new ownership agreement, the ownership percentage change is retroactively effective from January 18, 2022. The impact of historical noncontrolling interest allocation from this ownership percentage change is immaterial.

Effective January 21, 2022, the Company acquired 100% of the ordinary shares of Inno Metal Studs Corp. (“IMSC”), a Texas corporation incorporated on October 31, 2019. Pursuant to the terms of the Share Purchase Agreement with IMSC’s sole owner, Mr. Dekui Liu, who was also the sole owner and CEO of the Company, the Company issued 15,170,000 shares of its common stock to Mr. Dekui Liu in exchange for his 100% ownership in IMSC. Upon completion of the transaction, IMSC became a 100% owned subsidiary of the Company.

Inno Research Institute LLC (“IRI”), a Texas limited liability company incorporated on September 8, 2021, is a 65% owned subsidiary of IMSC. On January 27, 2024, IRI has been voluntarily terminated by two members. See Note 14, Subsequent events.

#### Note 2 — Basis of Presentation and Summary of significant accounting policies

##### Basis of presentation

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulations of the Securities Exchange Commission (“SEC”). The Company’s fiscal year end date is September 30.

Certain information and footnote disclosures normally included in the Company’s annual audited financial statements and accompanying notes have been condensed or omitted in this accompanying interim consolidated financial statements and footnotes. Accordingly, the accompanying interim condensed consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2023, filed with the Securities and Exchange Commission (“SEC”) on January 16, 2024.

In the opinion of management, these unaudited condensed consolidated financial statements include all adjustments and accruals, consisting only of normal, recurring adjustments that are necessary for a fair statement of the results of all interim periods reported herein. The results of the interim periods are not necessarily indicative of the results expected for the full fiscal year or any other interim period or any future year or period.

##### Consolidated Principles of consolidation

The Consolidated financial statements include the accounts of the Company and its subsidiaries, Inno Metal Studs Corp., Castor Building Tech LLC, and Inno Research Institute LLC. All inter-company balances and transactions have been eliminated.

##### Going concern

As of December 31, 2023, the Company had total cash of \$ 7,677,270 and accumulated deficit of \$ 5,326,333. For the three months ended December 31, 2023, the Company incurred a net loss of \$817,264 and used net cash in operations of \$ 195,197. As disclosed in Note 14 Subsequent events, the Company entered into an agreement in January 2024 to acquire a building for \$14.6 million to increase the Company’s market capacity. Considering current financial and operational condition and projected potential investment fund needs for the building, the management has concluded that

substantial doubt is not alleviated regarding the Company's ability to continue as a going concern for 12 months from the date of issuance of these financial statements.

The Company's continuation as a going concern is dependent on its ability to generate sufficient cash flows from operations to meet its obligations, in which it has not been successful, and/or obtaining additional financing from its shareholders or other sources, as may be required.

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**INNO HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**Note 2 — Basis of Presentation and Summary of significant accounting policies (cont.)**

Management is endeavoring to increase revenue-generating operations. While priority is on generating cash from operations through the sale of the Company's products, management is also seeking to raise additional working capital through various financing sources, including the sale of the Company's equity and/or debt securities, which may not be available on commercially reasonable terms to the Company, or which may not be available at all. If such financing is not available on satisfactory terms, the Company may not be able to continue operations or may be required to delay, scale back or eliminate some or all of its ongoing research and development efforts and other operations. The Company's ability to access capital when needed is not assured and, if not achieved on a timely basis, will materially harm its business, financial condition and results of operations. In addition, any financing arrangement may have potentially adverse effects on us and/or our stockholders. Debt financing (if available and undertaken) will increase expenses, must be repaid regardless of operating results and may involve restrictions limiting our operating flexibility. If we issue equity securities to raise additional funds, the percentage ownership of our existing stockholders will be reduced, and the new equity securities may have rights, preferences or privileges senior to those of the current holders of our common stock. Given the uncertainties associated with the Company's ability to access capital and its business growth strategy, management has concluded that substantial doubt exists regarding the Company's ability to continue as a going concern for the next twelve months from the date the condensed consolidated financial statements are issued.

Our Condensed Consolidated financial statements have been prepared assuming that we will continue as a going concern. Such assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These Condensed Consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

Use of estimates and assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents consist of amounts held as cash on hand, bank deposits and money market deposits.

From time to time, the Company may maintain bank balances in interest bearing accounts in excess of the \$ 250,000, which is currently the maximum amount insured by the Federal Deposit Insurance Corporation for interest bearing accounts (there is currently no insurance limit for deposits in noninterest bearing accounts). The Company has not experienced any losses with respect to cash. Management believes the Company is not exposed to any significant credit risk with respect to its cash.

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**INNO HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**Note 2 — Basis of Presentation and Summary of significant accounting policies (cont.)**

Accounts receivable

During the ordinary course of business, the Company extends unsecured credit to its customers. Accounts receivable are stated at the amount the Company expects to collect from customers. Management reviews its accounts receivable balances each reporting period to determine if an allowance for credit loss is required.

In October 2020, the Company adopted ASU 2016-13, Topics 326 — Credit Loss, Measurement of Credit Losses on Financial Instruments, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology, for its accounting standard for its trade accounts receivable.

The Company continuously monitors the recoverability of accounts receivable. If there are any indicators that a customer may not make payment, the Company may consider making provision for non-collectability for that particular customer. At the same time, the Company may cease further sales or services to such customer. The following are some of the factors that the Company develops allowance for credit losses:

- the customer fails to comply with its payment schedule;
- the customer is in serious financial difficulty;
- a significant dispute with the customer has occurred regarding job progress or other matters;
- the customer breaches any of its contractual obligations;
- the customer appears to be financially distressed due to economic or legal factors;
- the business between the customer and the Company is not active; and
- other objective evidence indicates non-collectability of the accounts receivable.

The adoption of the credit loss accounting standard has no material impact on the Company's consolidated financial statements. Accounts receivables are recognized and carried at carrying amount less an allowance for credit losses, if any. The Company maintains an allowance for credit losses resulting from the inability of its customers to make required payments based on contractual terms. The Company reviews the collectability of its receivables on a regular and ongoing basis. The Company has also included in the calculation of allowance for credit losses based on its customers' businesses and their ability to pay their accounts receivable. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The Company also considers external factors to the specific customer, including current conditions and forecasts of economic conditions. In the event we recover amounts previously written off, we will reduce the specific allowance for credit losses.

#### Fair values of financial instruments

ASC 825, "Disclosures about Fair Value of Financial Instruments," requires disclosure of fair value information about financial instruments. ASC 820, "Fair Value Measurements" defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and all other current assets and liabilities are approximate fair values due to their short-term nature.

For other financial instruments to be reported at fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines the fair value of its financial instruments based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant

### **INNO HOLDINGS INC. AND SUBSIDIARIES** **Notes to Condensed Consolidated Financial Statements**

#### **Note 2 — Basis of Presentation and Summary of significant accounting policies (cont.)**

assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 — Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 — Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and
- Level 3 — Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

As of December 31, 2023 and September 30, 2023, the Company did not have any other financial instruments reported at fair value.

#### Revenue recognition

The Company has adopted Accounting Standards Codification ("ASC") 606 since its inception and recognizes revenue from product and service sales revenues, net of promotional discounts and return allowances, if any, when the following revenue recognition criteria are met: a contract has been identified, separate performance obligations are identified, the transaction price is determined, the transaction price is allocated to separate performance obligations and revenue is recognized upon satisfying each performance obligation. The Company transfers the risk of loss or damage upon delivery, therefore, revenue from product sales is recognized when it is delivered to and accepted by the customer. For services, all sales are recognized upon completion based on terms stated in the sales agreements.

The Company evaluates the criteria of ASC 606 — Revenue Recognition Principal Agent Considerations in determining whether it is appropriate to record the gross amount of product sales and related costs, or the net amount earned as commissions. Generally, when the Company is primarily responsible for fulfilling the promise to provide a specified good or service, the Company is subject to inventory risk before the good or service has been transferred to a customer and the Company has discretion in establishing the price, revenue is recorded at gross.

Payments received prior to the delivery of goods to customers are recorded as unearned revenue.

Sales discounts are recorded in the period in which the related sale is recognized. Sales return allowances are estimated based on historical amounts and are recorded upon recognizing the related sales. Shipping and handling costs are recorded as selling expenses.

#### Costs and expenses

Costs and expenses are operating expenses, which consist of costs of material and labor, selling, general and administrative expenses, and depreciation, are expensed as incurred.

#### Inventory

Inventory consists of materials and finished goods ready for sale, and is stated at the lower of cost or net realizable value. The Company values its inventory using the FIFO costing method. The Company's policy is to include as a part of cost of goods sold any freight incurred to ship the product from its vendors to warehouses. Outbound freight costs related to shipping costs to customers are considered periodic costs and are reflected in selling expenses. The Company regularly reviews inventory and considers forecasts of future demand, market conditions and product obsolescence.

### **INNO HOLDINGS INC. AND SUBSIDIARIES** **Notes to Condensed Consolidated Financial Statements**

#### **Note 2 — Basis of Presentation and Summary of significant accounting policies (cont.)**

If the estimated realizable value of the inventory is less than cost, the Company makes provisions in order to reduce its carrying value to its estimated net realizable value. The Company regularly assesses its inventory for obsolescence and records an allowance only when the inventory is no longer suitable for reproduction. The Company's inventory generally has a long life cycle and does not become obsolete quickly.

#### Deferred offering costs

The Company capitalizes certain legal, accounting and other third-party fees that are directly related to an equity financing that is probable of successful completion until such financing is consummated. After consummation of equity financing, these costs are recorded as a reduction of the proceeds received as a result of the financing. Should a planned equity financing be abandoned, terminated or significantly delayed, the deferred offering costs are immediately written off to operating expenses in the consolidated statements of operations in the period of determination.

#### Property and equipment

Property and equipment is stated at the historical cost, less accumulated depreciation. Depreciation on property and equipment is provided using the straight-line method over the estimated useful lives of the assets as follows:

Machinery and equipment	7 years
Office equipment	5 years
Motor vehicles	5 years
Leasehold improvements	the shorter of the lease term or the estimated useful life of the improvements

Expenditures for renewals and betterments are capitalized while repairs and maintenance costs are normally charged to the statement of operations in the year in which they are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalized as an additional cost of the asset.

Upon sale or disposal of an asset, the historical cost and related accumulated depreciation or amortization of such asset were removed from their respective accounts and any gain or loss is recorded in the statements of income.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized as equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition and other economic factors. Based on this assessment, no impairment expenses for property and equipment were recorded during the three months ended December 31, 2023 and 2022.

#### Leases

On its inception date, the Company adopted ASC 842 — Leases ("ASC 842"), which requires lessees to record right-of-use ("ROU") assets and related lease obligations on the balance sheet, as well as disclose key information regarding leasing arrangements.

ROU assets represent our right to use an underlying asset for the lease terms and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company generally uses its incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

## **INNO HOLDINGS INC. AND SUBSIDIARIES**

### **Notes to Condensed Consolidated Financial Statements**

#### **Note 2 — Basis of Presentation and Summary of significant accounting policies (cont.)**

##### Stock-based Compensation

The Company applies ASC No. 718, "Compensation-Stock Compensation," which requires that share-based payment transactions with employees and nonemployees upon adoption of ASU 2018-07, be measured based on the grant date fair value of the equity instrument and recognized as compensation expense over the requisite service period, with a corresponding addition to equity. Under this method, compensation cost related to employee share options or similar equity instruments is measured at the grant date based on the fair value of the award and is recognized over the period during which an employee is required to provide service in exchange for the award, which generally is the vesting period. In addition to the requisite service period, the Company also evaluates the performance condition and market condition under ASC 718-10-20. For an award which contains both a performance and a market condition, and where both conditions must be satisfied for the award to vest, the market condition is incorporated into the fair value of the award, and that fair value is recognized over the employee's requisite service period or nonemployee's vesting period if it is probable the performance condition will be met. If the performance condition is ultimately not met, compensation cost related to the award should not be recognized (or should be reversed) because the vesting condition in the award has not been satisfied.

The Company will recognize forfeitures of such equity-based compensation as they occur.

##### Income taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their perspective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded, when necessary, to reduce deferred tax assets to the amount expected to be realized.

As a result of the implementation of certain provisions of ASC 740, Income Taxes ("ASC 740"), which clarifies the accounting and disclosure for uncertainty in tax position, as defined, ASC 740 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The Company has adopted the provisions of ASC 740 since inception and has analyzed filing positions in each of the federal and state jurisdictions where the Company is required to file income tax returns, as well as open tax years in such jurisdictions. The Company has identified the U.S. federal jurisdiction, and the states of Texas and California, as its "major" tax jurisdictions. However, the Company has certain tax attribute carryforwards which will remain subject to review and adjustment by the relevant tax authorities until the statute of limitations closes with respect to the year in which such attributes are utilized.

The Company believes that its income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740. The Company's policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes.

##### Commitments and contingencies

In the ordinary course of business, the Company is subject to certain contingencies, including legal proceedings and claims arising out of the business that relate to a wide range of matters, such as government investigations and tax matters. The Company recognizes its liability for such contingency if it determines it is probable that a loss has occurred and a reasonable estimate of the loss can be made. The Company may consider many factors in making these assessments including historical and specific facts and circumstances of each matter.



**INNO HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**Note 2 — Basis of Presentation and Summary of significant accounting policies (cont.)**

Earnings per share

Basic earnings per share are computed by dividing net income attributable to holders of common stock by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if securities to issue common stock were exercised.

Recently issued but not yet adopted accounting pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740), Improvements to Income Tax Disclosures. The new guidance requires enhanced disclosures about income tax expenses. The Company is required to adopt this guidance in the first quarter of the fiscal year 2026. Early adoption is permitted on a prospective basis. We are currently evaluating the impact of this ASU on our annual income tax disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures. The new guidance requires enhanced disclosures about significant segment expenses. The Company is required to adopt this guidance for its annual reporting in fiscal year 2025 and for interim period reporting beginning the first quarter of fiscal year 2026 on a retrospective basis. Early adoption is permitted. We are currently evaluating the impact of this ASU on our segment disclosures.

In June 2022, FASB issued ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The amendments in this ASU clarify the guidance in ASC 820 on the fair value measurement of an equity security that is subject to a contractual sale restriction and require specific disclosures related to such an equity security. This standard is effective for fiscal years beginning after December 15, 2024. The Company does not expect the adoption of this standard to have a material impact on the consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. This ASU clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606) as if the entity had originated the contracts. The guidance is effective for fiscal years beginning after December 15, 2023, with early application permitted. The Company does not expect the adoption of this standard to have a material impact on the consolidated financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

**INNO HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**Note 2 — Basis of Presentation and Summary of significant accounting policies (cont.)**

Subsequent events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through the date that the consolidated financial statements are available to be issued. Material subsequent events that required recognition or additional disclosure in the consolidated financial statements are presented.

**Note 3 — Accounts Receivable, Net**

Accounts receivable for the Company consisted of the following as of the dates indicated below:

	December 31, 2023 (unaudited)	September 30, 2023
Accounts receivable	\$ 1,338,395	\$ 1,338,395
Less: allowance for credit losses	(1,267,960)	(1,267,960)
Accounts receivable, net	<u>\$ 70,435</u>	<u>\$ 70,435</u>

The Company recorded credit losses of \$ 0 and \$400,600 for the three months ended December 31, 2023 and 2022, respectively.

**Note 4 — Inventories**

As of December 31, 2023 and September 30, 2023, inventories consisted of the following:

	December 31, 2023 (unaudited)	September 30, 2023
Raw material	\$ 118,135	\$ 134,299
Production inventory	270,776	259,994
Total	<u>\$ 388,911</u>	<u>\$ 394,293</u>

As of December 31, 2023 and September 30, 2023, there was no allowance for obsolescence recorded.

**Note 5 — Deferred offering costs**

Deferred offering costs consisted of fees and expenses incurred in connection with the sale of the Company's common stock in the IPO, including the legal, accounting, printing and other offering related costs. Upon completion of the IPO, these deferred offering costs are to be reclassified from current assets to stockholders' equity and recorded against the net proceeds from the offering. As of December 31, 2023 and September 30, 2023, deferred offering costs amounted to \$0 and \$538,765, respectively. On December 18, 2023, the whole amount of deferred offering costs was charged against

additional paid in capital upon the completion of the initial public offering.

#### Note 6 — Prepayments and other current assets

As of December 31, 2023 and September 30, 2023, prepayments and other current assets consisted of the following:

	December 31, 2023 (unaudited)	September 30, 2023
Advance to suppliers	\$ 87,217	\$ 87,217
Prepaid for services by stock grants	52,083	83,333
Other prepayments and current assets	11,520	9,917
Total	<u>\$ 150,820</u>	<u>\$ 180,467</u>

13

### INNO HOLDINGS INC. AND SUBSIDIARIES

#### Notes to Condensed Consolidated Financial Statements

#### Note 7 — Property and equipment, net

As of December 31, 2023 and September 30, 2023, property and equipment consisted of the following:

	December 31, 2023 (unaudited)	September 30, 2023
Machinery and equipment	\$ 346,900	\$ 346,900
Office equipment	3,064	5,488
Motor vehicles	64,082	64,082
Construction-in-progress	551,452	497,000
Leasehold improvements	54,049	54,049
Total	1,019,547	967,519
Less: accumulated depreciation	(118,390)	(97,935)
Property and equipment, net	<u>\$ 901,157</u>	<u>\$ 869,584</u>

For the three months ended December 31, 2023 and 2022, depreciation expenses amounted to \$ 21,060 and \$15,019, respectively.

#### Note 8 — Loans

##### Short-term loans

##### Revolving line of credit

On September 16, 2022, the Company entered into an agreement with Origin Bank for a revolving line of credit (the "Line of Credit") of up to \$ 1,000,000 with interest at the floating Prime Rate plus one percent (1.0%) per annum, which is to be adjusted daily to the rate in effect. Interest shall be due and payable monthly as it accrues. The accrued unpaid interest and the principal is due and payable in twelve (12) months from September 16, 2022. The Line of Credit is secured by a Security Agreement and Financing Statement that covers certain properties of the Company and guaranteed by Mr. Dekui Liu, the majority shareholder and CEO of the Company. On April 14, 2023, a modification agreement was entered to reset the maturity date of the outstanding balance of the Note to July 14, 2023. The agreement required monthly interest payments starting from April 16, 2023. The Note was defaulted on May 14, 2023 due to non-payment of interest. The Company paid the principal amount of \$287,089 on December 29, 2023, and the remaining balance is scheduled to be paid off by the end of February 2024. For the three months ended December 31, 2023 and 2022, the Company recorded interest expense related to the Line of Credit of \$13,296 and \$15,263, respectively. As of December 31, 2023 and September 30, 2023, the total outstanding balance of the Note was \$272,911 and \$560,000, respectively. The balance was presented on the consolidated balance sheet as a short-term loan.

##### Short term loan without interest

From June 2023 to August 2023, the Company borrowed short-term loans due on demand without interest, amounting to \$ 230,000 from three individuals for operating purposes. As of December 31, 2023, and September 30, 2023, the outstanding balance due to these individuals were both \$230,000. The balance was presented on the consolidated balance sheet as a short-term loan.

##### Long-term loan

##### Promissory note payable

On October 28, 2021, the Company issued to BancorpSouth Bank a five-year unsecured 4.75% promissory note, payable in equal monthly installments of \$4,661 commencing November 28, 2021 (the "Note"). The principal amount of the Note was \$ 248,500. The Note is secured by a Security Agreement and Financing Statement that covers certain properties of the Company and guaranteed by Mr. Dekui Liu, the majority shareholder and CEO of the Company.

For the three months ended December 31, 2023 and 2022, the Company recorded interest expense of \$ 2,087 and \$2,461, respectively.

As of December 31, 2023 and September 30, 2023, the total outstanding balance of the Note was \$ 152,152 and \$160,239, respectively, which was presented on the consolidated balance sheet as a current portion of \$54,025 and \$49,393, and a non-current portion of \$ 98,127 and \$110,846, respectively.

#### Note 9 — Related party transactions

The Company borrows short-term loans without interest from its majority shareholder and CEO, Mr. Dekui Liu, for operation and cashflow needs from time to time. As of December 31, 2023, the amount due to Mr. Liu was \$2,000. As of September 30, 2023, the amount due to Mr. Liu was \$ 327,372.

14

**INNO HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**Note 9 — Related party transactions (cont.)**

The Company engaged Yunited Assets LLC ("Yunited"), a limited liability company owned by Mr. Cheng Yu, the minority owner of the Company's subsidiary, Inno Research Institute, for consultation services on a project-by-project basis. During the three months ended December 31, 2023 and 2022, the Company recorded \$nil and \$3,100, respectively, of project-based consulting service fees, included in cost of materials and labor. During the three months ended December 31, 2023 and 2022, the Company also recorded \$nil and \$10,000 consulting fee to Yunited for Mr. Yu's daily operating services included in the general and administrative expenses. As of December 31, 2023 and September 30, 2023, the outstanding balance of accounts payable – related party due to Yunited was both \$50,000.

During the year ended September 30, 2022, the Company purchased prefab home and other material and supplies from Baicheng Trading LLC, in which the father of Mr. Dekui Liu, the Company's majority shareholder and CEO, is a director. As of December 31, 2023, and September 30, 2023, the outstanding balance of accounts payable-related party was both \$485,595.

In March 2023, the Company entered into an agreement with Vision Opportunity Fund LP, a Florida limited partnership partially owned by a minority shareholder of the Company. In August 2023, all rights, obligations and interests under the agreement were subsequently assigned by Vision Opportunity Fund LP to its general partner, New Vision 101 LLC ("Vision 101"). Pursuant to the agreement, the Company agreed to provide supplies and act as project developer for an amount equal to \$15,875,800 plus applicable taxes. As of December 31, 2023, Nil amount of revenue has been recognized.

Starting December 2022, for operation and cashflow needs, the Company advances funds from Zfounder Organization Inc., one of the Company's minority shareholders, and Wise Hill Inc., a company owned by a minority shareholder of the Company who also serves as the CEO and Board member of Zfounder Organization Inc. The advanced amounts are non-interest bearing. As of December 31, 2023, the outstanding balance due to Zfounder Organization Inc. and Wise Hill Inc. was \$60,000 and \$208,000, respectively. As of September 30, 2023, the outstanding balance due to Zfounder Organization Inc. and Wise Hill Inc. was \$55,000 and \$122,000, respectively.

**Note 10 — Losses per share**

The following table sets forth the computation of basic and diluted losses per share for the periods presented:

	For the three months ended December 31, (unaudited)	
	2023	2022
<b>Numerator:</b>		
Net loss attributable to INNO HOLDINGS INC.	\$ (801,518)	\$ (841,005)
<b>Denominator:</b>		
Weighted-average shares used in computing basic and diluted losses per share*	18,604,987	17,988,634
Losses per share of ordinary shares: – basic and diluted	\$ (0.04)	\$ (0.05)

\* On January 21, 2022, the sole owner of the Company and Inno Metal Studs Corp. ("IMSC"), Mr. Dekui Liu, entered into an agreement to sell 100% of his ownership in IMSC for 15,170,000 shares of the Company's common stock (the "Transaction"). Under ASC 805-40 and ASC 805-50, the Transaction was considered as a reverse acquisition between entities under common control. Accordingly, the outstanding shares of common stock upon completion of the Transaction was presented retroactively as outstanding for all reporting periods.

\* On November 30, 2022, the Company implemented a 2-for-1 forward split of the issued and outstanding shares of Common Stock of the Company. Further on July 24, 2023, the Company effected a reverse stock split (the "Reverse Stock Split") of the Company's issued and outstanding shares of the common stock at a split ratio of 1-for-2 such that every holder of common stock of the Company shall receive one share of common stock for every two shares of common stock held and to reduce the number of authorized shares of common stock from 200,000,000 to 100,000,000. The computation of basic and diluted EPS was retroactively adjusted for all periods presented.

**INNO HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**Note 11 — Equity**

The Company was incorporated in Texas on September 8, 2021. The total authorized shares of capital stock were 200,000,000 shares without par value.

On November 30, 2022, the Company effected a forward stock split (the "Stock Split") of the Company's issued and outstanding shares of the common stock at a split ratio of 2-for-1. Further on July 24, 2023, the Company effected a reverse stock split (the "Reverse Stock Split") of the Company's issued and outstanding shares of the common stock at a split ratio of 1-for-2 such that every holder of common stock of the Company shall receive one share of common stock for every two shares of common stock held and to reduce the number of authorized shares of common stock from 200,000,000 to 100,000,000. Shortly after the Reverse Stock Split, the Board of Directors of the Company approved issuance of additional shares to preserve the original purchase price per share of the shares sold in the period from February 1 to June 30, 2023. All share numbers of the Company's Common Stock are stated on a post-split basis.

At the inception date, September 8, 2021, the Company issued 1,000,000 shares of common stock to its founder, Mr. Dekui Liu.

On February 2, 2022, the Company issued 15,170,000 shares of its common stock to Mr. Dekui Liu in exchange for his 100% ownership in IMSC.

On January 31, 2022, the Company issued 1,500,000 of its series A convertible preferred stock to three accredited investors for \$ 1,500,000 in cash. During 2022, the 1,500,000 shares of series A convertible preferred stock had been converted to 1,500,000 shares of common stock after giving effect to the stock splits.

On January 31 and September 30, 2022, the Company issued a total of 300,000 shares of common stock to an investor for services. These shares were valued at \$1.0 per share, which was the per share price for the most recent sale of the Company's capital stock to accredited investors. For the year ended September 30, 2022, the Company recorded \$300,000 as stock compensation expense.

In December 2022, The Company issued 142,857 shares of its common stock at a price of \$ 3.5 per share to an accredited investor for \$500,000 in cash.

In February 2023, The Company issued 27,028 shares of its common stock at a price of \$ 3.7 per share to an accredited investor for \$100,000 in cash.

In March 2023, The Company issued 78,947 shares of its common stock at a price of \$ 3.8 per share to an accredited investor for \$300,000 in cash.

In April and May 2023, Mr. Dekui Liu, the Company's chief executive officer, sold 118,421 shares of the Company's common stock he owned to three investors at \$3.80 per share for \$450,000 in cash. Mr. Liu then lent the \$ 450,000 to the Company as a short-term loan, which is due on demand without interest. See Note 9 — *Related party transactions*.

On June 20, 2023, the Company issued 13,158 shares of its common stock for a total value of \$ 50,000 for services to be rendered during the next twelve months by the immediate relative of the Company's Chief Financial Officer. On June 20, 2023, the Company issued 19,737 shares of its common stock for a total value of \$75,000 for services to be rendered during the next twelve months by one nonemployee contractor. These shares were valued at \$ 3.8 per share, which was the per share price for the most recent sale of the Company's capital stock to accredited investors. For the three months ended December 31, 2023, the Company recorded \$31,250 as stock compensation expense under Selling, general and administrative expenses. As of December 31, 2023, the remaining balance of \$52,083 was recorded as Prepayments and other current assets.

As of September 30, 2023 and 2022, after giving effect to the stock splits of the outstanding shares of Common Stock, there were 18,251,726 and 17,970,000 shares of Common Stock issued and outstanding, respectively. The total authorized number of shares of capital stock was 100,000,000 shares without par value.

The registration statement for the Company's Initial Public Offering ("the Offering") was declared effective on November 9, 2023. The Common Stock commenced trading on the Nasdaq Capital Market on December 14, 2023, under the symbol "INHD." The closing of the Offering took place on December 18, 2023. On December 18, 2023, in connection with the closing of the initial public offering of 2,500,000 shares ("the Shares") of its common stock, no par value, the Company adopted its Amended and Restated Bylaws, effective the same day. In connection with the Offering of the Shares at an offering price of \$4.00 per share, the Company also granted the underwriters an option exercisable for 45-days to purchase up to 375,000 shares of Common Stock as the Public Offering Price, less the underwriting discount to cover-over allotment. As of the reporting date, the option was unexercised and expired. Additionally, the Company also issued warrants to the underwriters to purchase up to 201,250 shares of Common Stock at an exercise price of \$4.80 per share, subject to adjustment as set forth in the warrants, exercisable from June 18, 2024 and valid until December 18, 2028. The fair value of the warrants at the grant date was immaterial and grouped under Additional paid in capital as equity as of December 31, 2023.

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16

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The total gross proceeds from the Offering were \$10,000,000, before deducting underwriting discounts and other offering expenses associated with the Offering payable by the Company or paid by the Company. Transaction costs related to the offering amounted to \$2,140,466, consisting of \$700,000 of underwriting fees, \$345,876 of underwriting related expenses, \$595,000 of legal fees and \$499,590 of other costs. Of the total transaction cost of \$2,140,466, \$590,466 in transaction costs were incurred and paid by the company before the closing date. These costs were recorded as deferred offering costs and were offset to equity upon the completion of the IPO. The Company intends to use the net proceeds from the Offering to increase our marketing capabilities, increase production capacity, expand research and development, evaluate strategic opportunities and other working capital and general corporate purposes. \$8,450,000 total net cash from the Offering has been received by the Company on December 19, 2023.

#### **Note 12 — Concentration of risk**

##### Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

As of December 31, 2023 and September 30, 2023, \$ 7,677,270 and \$4,898, respectively, were deposited with various major financial institutions in the United States. Accounts at each institution in the United States are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of December 31, 2023, the Company had deposits in excess of the FDIC insurance limit with two financial institutions in the United States with \$7,116,243 uninsured. As of September 30, 2023, the Company did not have deposit in excess of the FDIC insurance limit.

Accounts receivables are typically unsecured and derived from revenue earned from customers, thereby exposing the Company to credit risk. The risk is mitigated by the Company's assessment of its customers' creditworthiness and its ongoing monitoring of outstanding balances.

##### Customer and vendor concentration risk

For the three months ended December 31, 2023 and 2022, two customers accounted for 100% and four customers accounted for 78% of the Company's total revenues, respectively. Accounts receivable from one customer accounted for 100% of the Company's total accounts receivable as of both December 31, 2023 and September 30, 2023.

For the three months ended December 31, 2023 and 2022, three suppliers accounted for 56% and two suppliers accounted for 61% of the Company's total purchases, respectively. As of December 31, 2023 and September 30, 2023, accounts payable to two suppliers accounted for 51% and two suppliers accounted for 55% of the Company's total accounts payable, respectively.

#### **Note 13— Commitments and contingencies**

##### Lease commitments

The Company has adopted ASC 842 since its inception date.

The Company has entered into a lease agreement for office and production space in Texas with a lease period from December 1, 2019 until December 31, 2024 at a rent rate of \$4,129 to \$5,089 per month.

The Company has also entered into a lease agreement for office and production space in Corona, California with a lease period from May 1, 2022 until April 30, 2027 at a rate of \$6,617 to \$7,740 per month. In August 2023, the Company relocated its California office from Corona to Diamond Bar. The Company is obligated to pay the monthly rent for the office in Corona California until the landlord finds a new lessee to occupy the facility. The new lease in Diamond Bar, California has a term of 24 months from August 1, 2023 to July 31, 2025 at a rate of \$4,730 to \$4,926 per month.

In addition, the Company will be responsible for its pro rata share of certain costs, including utility costs, insurance and common area costs, as further detailed in the lease agreements.

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17

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Total commitment for the full term of these leases is \$ 710,116. \$394,657 and \$437,770 of operating lease right-of-use assets and \$ 466,858 and

\$488,094 of operating lease liabilities were reflected on the December 31, 2023 and September 30, 2023 consolidated balance sheets, respectively.

The three months ended December 31, 2023 and 2022:

Lease cost	2023	2022
Operating lease cost (included in G&A in the Company's statement of operations)	\$ 51,705	\$ 36,351
Other information		
Cash paid for amounts included in the measurement of lease liabilities	\$ 24,726	\$ 35,115
Remaining term in years	1.0 – 3.33	2.0 – 4.33
Average discount rate – operating leases	8.5%	8%

The supplemental balance sheet information related to leases is as follows:

Operating leases	December 31, 2023	September 30, 2023
Right of use asset – non-current	\$ 394,657	\$ 437,770
Lease Liability – current	237,563	212,277
Lease Liability – non-current	229,295	275,817
Total operating lease liabilities	\$ 466,858	\$ 488,094

Maturities of the Company's lease liabilities are as follows:

	Operating Lease
For periods subsequent to December 31, 2023:	
The remaining nine months ended September 30, 2024	\$ 231,693
2025	154,532
2026	90,800
2027	54,183
Less: Imputed interest/present value discount	(64,350)
Present value of lease liabilities	\$ 466,858

#### Contingencies

A garnishment order on December 27, 2023 resulting from a legal action initiated by a creditor against the Company was issued by a court in the state of Ohio. The Creditor is seeking a total amount of \$67,978 (owed amount plus interest and other expenses). Because of the garnishment order, the Company's bank account was debited in the amount of \$17,330. Except the garnishment order, the Company is not currently a party to any material legal proceedings, investigations or claims. As the Company may, from time to time, be involved in legal matters arising in the ordinary course of its business, there can be no assurance that such matters will not arise in the future or that any such matters in which the Company is involved, or which may arise in the ordinary course of the Company's business, will not at some point proceed to litigation or that such litigation will not have a material adverse effect on the business, financial condition or results of operations of the Company.

#### Note 14 — Subsequent events

On January 1, 2024, the Company terminated the facility lease in Texas without penalty and entered into a new lease agreement with the landlord. The new lease term is from January 1, 2024 to January 1, 2027, with a monthly rent of \$18,000. The facility consists of 15,000 square feet of indoor space and 2.5 acres of concrete slab in the yard.

On January 4, 2024, the Company entered into an agreement to acquire certain real property located at 300 South Park Avenue, Pomona, Los Angeles, California, approximately 120,776sq. ft. office and commercial building (the building together with the land), with a total purchase price of \$ 14,600,000. The amount of \$440,000 was deposited with Escrow on January 10, 2024. The Company has forty-five (45) calendar days from the opening of Escrow ("Due Diligence Period") to diligently perform reviews, inspections, and investigations regarding the real property and the condition of title thereto as the Company deems necessary or appropriate, and to submit a written application to the lender for the assumption of the exiting loan (approximately \$9.7 million). and has one hundred twenty (120) days from the opening of escrow for a loan assumption contingency period. Following the expiration of the Due Diligence Period without any termination of the agreement by the Company, the deposit shall become fully non-refundable to the Company absent a termination of the agreement as a result of a default by the seller, or due to condemnation or casualty in accordance with the terms and provisions of the agreement.

On January 21, 2024, the Company established Inno Disrupts Inc., a wholly owned subsidiary in Texas. The purpose of Inno Disrupts Inc. is to conduct research and innovation in new technologies, to remodel buildings using the Company's framing steel products, to enhance marketing capabilities, to manage the designated buildings in US, and among other activities.

On January 27, 2024, the Company and the minority shareholder of IRI agreed to dissolve IRI, a subsidiary of IMSC with 65% ownership. The R&D activities previously carried out by IRI will be transferred to the new subsidiary, Inno Disrupts Inc.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes that appear elsewhere in this Quarterly Report on Form 10-Q. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth under the heading "Cautionary Note Regarding Forward-Looking Statements" in this Quarter Report on Form 10-Q.*

#### Overview

We are a building technology company that primarily manufactures cold-formed-steel members and offers a full range of services required to transform raw materials into precise steel framing products and prefabricated homes. We transform raw material (coils of rolled steel of various gauges and other materials) through our proprietary technologies to cut, punch and bend the steel into members or other components. These work-in-process components

are further processed into finished products which are used in a variety of building types, including residential, commercial, industrial, and infrastructure. At each stage of the process, we are adding value to the original rolled steel (and other materials) to its final assembled use by businesses or directly to customers.

Our largest commodity expense is our primary raw material — rolled steel in various gauges and widths. Like any commodity, steel is subject to supply/demand-based price fluctuations which can have an impact on the profitability of our business if prices change between the time we enter into a contract with a customer to deliver finished goods and the time the steel is purchased from the mill. We seek to mitigate our exposure to steel price fluctuations in two ways:

- Entering fixed price forward contracts with steel mills/suppliers for delivery in the future so that our bids for customer contracts have known pricing for the steel. This is particularly useful in larger projects that involve delivery of product over many months.
- Maintaining an approximately three-month inventory of our most actively used rolled steel coils (defined by width and gauge). This inventory requires an active forward-looking assessment of steel needs to meet expected demand. Maintaining inventory is a real financial exposure especially during periods of pricing volatility.

### Key Performance Indicators (“KPIs”)

In addition to the measures presented in our consolidated financial statements, our management regularly monitors certain KPIs for our business. The KPIs used by the Company include:

#### *The capital turnover rate of raw-material procurement*

Our business is reliant on timely delivery of raw materials. At the same time, our primary raw material (steel) is expensive to warehouse. We strive to achieve roughly 1-3 months of raw materials inventory to balance our cost of inventory against the risk of not having raw materials when needed. We do this by setting up long-term cooperative relationship with multiple local and national suppliers, including the mills, so that we will gain a better payment cycle to secure the raw material, to maximize the usage of the funds. At the same time, to match the raw-material usage of the sales order each quarter, we will make the quarterly purchase plans ahead, so that the efficiency of capital turnover is higher.

#### *The collection period of accounts receivable*

Timely payments from customers are essential to a successful business. Based on our historical collectability experience, we will seek to gradually eliminate the types of small-size homebuilders and cooperate with large-size and professional companies to strengthen risk control of accounts receivable and shorten the days outstanding for accounts receivable. Eventually, we expect to achieve the goal of receiving 100% of the payment before products leave the shop.

#### *Lead time*

Construction requires the coordination of many contractors, subcontractors, permitting, etc. that must be done on very exacting schedules where any delays will have a ripple effect down the chain. While there are many things we cannot control, we strive to communicate with the customers at a high frequency and make the best production arrangement to minimize storage period and shorten the lead time, which is one of the most important operating indicators of INNO.

#### *The growth of total operating income*

We maintain internal long-term targets for both gross profit and operating income, based partly on long-term revenue growth targets and partly on execution and internal controls. Ultimately, we strive to deliver profitable long-term growth.

#### *Production capacity improvement*

We are committed to investing in the improvement of production capacity and production efficiency in an effort to support larger orders and to meet the goal of increasing total operating income.

### Results of Operation

#### *For the three months ended December 31, 2023, and 2022*

The following table presents certain Consolidated statement-of-operations information and presentation of that data as a percentage of change from year to year.

	For the Three Months Ended December 31,		
	2023	2022	Variance
Revenues	\$ 166,617	\$ 309,001	-46%
Costs of materials and labor	169,617	283,812	-40%
Selling, general and administrative expenses (exclusive of depreciation and bad debt expenses shown separately below)	785,536	462,101	70%
Depreciation	21,060	15,019	40%
Bad debt expense	-	400,600	-100%
Operating loss	(809,596)	(852,531)	-5%
Other income (expenses)	(6,868)	(18,497)	-63%
Loss before income taxes	(816,464)	(871,028)	-6%
Income tax expense	800	-	100%
Net loss	(817,264)	(871,028)	-6%
Non-controlling interest	(15,746)	(30,023)	-48%
Net loss attributable to INNO HOLDINGS INC.	\$ (801,518)	\$ (841,005)	-5%
Operating loss % of revenues	-486%	-276%	
Net loss % of revenues	-491%	-282%	

#### *Revenues*

Revenue for the three months ended December 31, 2023 declined 46% to \$166,617 in comparison to \$309,001 for the three months ended December



31, 2022. The decline in revenue was primarily due to the various statuses and stages of projects. To mitigate collection issues, the Company has focused on developing relationships with large-sized customers. During the three months ended December 31, 2023, the Company has been working on obtaining permits for large projects and exploring new business opportunities with potential large customers.

Our backlog as of December 31, 2023 was approximately \$14,000,000 to \$19,000,000. The range of backlog amount is comprised of all remaining payments related to our signed customer contracts and estimation of order adjustments. The timing of revenue recognition from these contracts is subject to variation based on each project's permit status and construction progress. These signed contracts included an agreement, amount of \$15,875,800, with Vision Opportunity Fund LP, assigned to Vision 101 LLC ("Vision 101"), partially owned by one of our minority shareholders. None of the contract amount has been delivered to Vision 101 or recognized as revenue as of December 31, 2023.

Our revenues are significantly impacted by demand for residential and commercial buildings, economic conditions including interest rates and costs of labor, materials and other variables that impact the cost of our finished goods. We cannot ensure that growth will continue, and our business may be adversely affected by negative overall economic conditions currently being experienced.

#### *Costs of Materials and Labor*

Costs of materials and labor include raw materials (primarily rolled steel) and direct labor in the processing of raw materials through the manufacturing process. Costs of materials and labor for the three months ended December 31, 2023, declined 40% to \$169,617 in comparison to \$283,812 for the three months ended December 31, 2022. The decrease was primarily due to the year-over-year decline in revenue, as discussed above. The revenue decline exceeded the cost reduction, partly because some fixed costs have not declined along with the revenue.

#### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses for the three months ended December 31, 2023, increased 70% to \$785,536 in comparison to \$462,101 for the comparable period in 2022. The main reason for the increase was the additional overhead costs, such as rent, payroll, consulting and professional fees, to support our future expansion and meet the regulatory standards of a public company. We also incurred expenses related to the successful completion and celebration of our initial public offering (the "IPO") in December 2023.

#### *Bad debt expense*

Bad debt expense decreased by \$400,600 for the three months ended December 31, 2023 compared to the same period in 2022. We estimated the credit losses based on each customer's financial situation, project status and the outstanding days of the accounts receivable balance. Started prior year, we strengthen our risk control of accounts receivable and reduce the days outstanding for accounts receivable by discontinuing business with smaller customers with high credit risk. Most of our current customers adhere to a 30-day payment term. For the current quarter's transactions, we have maintained a high collection rate.

#### *Operating Loss*

Operating loss was \$809,596 for the three months ended December 31, 2023, in comparison to operating loss of \$852,531 for the comparable period in 2022. The slightly decrease in loss was primarily attributed to the decrease in bad debt expense offset by lower revenue and increased expenses, as discussed above.

#### *Other Income (Expense)*

Other expenses for the three months ended December 31, 2023, were \$6,868, in comparison to other expenses of \$18,497 for the comparable period in 2022. The decrease in other expense was primarily related to the decrease of interest expense, net in current quarter compared with the comparable period in 2022. The IPO proceeds deposit in December 2023 resulted in \$9,200 interest income.

#### *Net Loss*

Net loss for the three months ended December 31, 2023 was \$817,264, in comparison to net loss of \$871,028 for the three months ended December 31, 2022. The decrease in net loss was primarily due to changes in revenue, costs and expenses as outlined above.

### **Liquidity and Capital Resources**

#### *Sources of Liquidity*

During the three months ended December 31, 2023, and 2022, we primarily funded our operations with cash generated from operations, private and public shares offerings, as well as through borrowing under our revolving line of credit, a long term promissory note, and related parties. We had cash of \$7,677,270 as of December 31, 2023 compared to \$4,898 of cash as of September 30, 2023. The cash increase was primarily due to the proceeds from the IPO closing in December 2023.

On December 18, 2023, the Company successfully closed the IPO with aggregate net proceeds of approximately \$7.9 million (\$8.5 million net cash proceeds upon IPO completion offset by \$0.6 million deferred offering costs).

As disclosed in Note14 Subsequent events, the Company entered into an agreement in January 2024 to acquire a building for \$14.6 million to increase the Company's marketing capabilities.

We do not believe the cash and cash equivalents on hand as of December 31, 2023 of \$7,677,270 will be sufficient to fund our operations and capital expenditure requirements for the next twelve months from the date the consolidated financial statements are issued. We will be required to raise additional capital to continue to fund operations and capital expenditures. The uncertainties surrounding our ability to access capital when needed create substantial doubt about our ability to continue as a going concern.

Based on our need to raise additional funds to implement our business plans for the next twelve months, we have included a discussion concerning the presentation of our financial statements on a going concern basis in the notes to our condensed consolidated financial statements. We will be required in the near future to issue debt or sell our Company's equity securities in order to raise additional cash, although there are no firm arrangements in place for any such financing at this time. We cannot provide any assurances as to whether we will be able to secure the necessary financing, or the terms of any such financing transaction if one were to occur. The failure to secure such financing could severely curtail our plans for future growth or in more severe scenarios, the continued operations of our Company.

## *Working Capital*

As of December 31, 2023 and September 30, 2023, our working capital (deficit) was \$4,080,742 and \$(2,913,827), respectively. The historical seasonality in our business during the year can cause cash and cash equivalents, inventory, and accounts payable to fluctuate, resulting in changes in our working capital.

## *Cash Flows*

### Operating Activities

Net cash used in operating activities for the three months ended December 31, 2023 was \$195,197 compared to \$129,688 of net cash provided by operating activities for the three months ended December 31, 2022. The increase of net cash usage in operating activities in current quarter was mainly due to a \$396,181 increase of loss with non-cash reconciling items adjustment.

For the three months ended December 31, 2023, net cash used in operating activities was \$195,197, primarily driven by the net loss of \$817,264, partially offset by non-cash items of \$74,437 and working capital provided cash of \$547,630, which was primarily driven by a \$595,552 increase in accounts payable, unearned revenue and other current liabilities.

For the three months ended December 31, 2022, net cash provided by operating activities was \$129,688, primarily driven by the net loss of \$871,028, partially offset by non-cash items of \$416,854, which mainly included bad debt expense of \$400,600. Working capital provided cash of \$583,862, which was primarily driven by a \$453,007 increase in accounts payable, unearned revenue and other current liabilities, a \$410,892 decrease in account receivable, a \$97,900 decrease of prepayments and other current assets, and partially offset by a \$290,437 increase in inventories and a \$87,500 increase in deferred offering costs.

### Investing Activities

For the three months ended December 31, 2023, and 2022, net cash used in investing activities was the result of additions to property and equipment of \$54,452 and \$226,900, respectively, which are mainly related to the purchase of machinery, tools, motor vehicles, and leasehold improvements.

### Financing Activities

Net cash provided by financing activities was \$7,920,452 and \$491,345, respectively, for the three months ended December 31, 2023, and 2022.

For the three months ended December 31, 2023, net cash provided by financing activities was primarily due to the \$8,450,000 net cash from the initial public offering, \$91,000 proceeds from related parties and offset by \$287,089 payment of short term loans and \$325,372 repayment to related parties.

For the three months ended December 31, 2022, net cash provided by financing activities was primarily due to the \$500,000 proceeds from short term loans.

## **Critical Accounting Policies and Estimate**

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes. Note 2 — Basis of Presentation and Summary of significant accounting policies in the Notes to the Consolidated Financial Statements included in Part II, Item 8 of our most recently filed Form 10-K, describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. Our critical accounting estimates, identified in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our most recently filed Form 10-K, include the discussion of estimates used for revenue recognition, inventory valuation, going concern assessment, and our provision for income taxes. Such accounting estimates require significant judgments and assumptions to be used in the preparation of the Condensed Consolidated Financial Statements included in this Form 10-Q, and actual results could differ materially from the amounts reported.

### **New Accounting Standards**

From time to time, the FASB or other standards-setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification are communicated through issuance of an Accounting Standards Update. To understand the impact of recently issued guidance, whether adopted or to be adopted, please review the information provided in Note 2 — Basis of Presentation and Summary of significant accounting policies, "Recently issued but not yet adopted accounting pronouncements", in the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q. Unless otherwise discussed, we believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on our Condensed Consolidated Financial Statements upon adoption.

## **ITEM 4. CONTROLS AND PROCEDURES.**

### **Disclosure Controls and Procedures**

An evaluation was performed under the supervision of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that, as of December 31, 2023, our disclosure controls and procedures were not effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms due to material weaknesses in our internal controls described below.

- Lack of sufficient personnel commensurate with our accounting and reporting requirements and insufficient segregation of duties within accounting functions.
- Lack of adequate policies and procedures in internal control function to ensure that proper control and procedures have been designed and implemented over key business cycles.

We plan to hire additional qualified personnel with relevant experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework. However, we cannot assure you that we will remediate our material weaknesses in a timely manner.



## Inherent Limitations Over Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our control systems are designed to provide such reasonable assurance of achieving their objectives. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## Changes in Internal Control over Financial Reporting

There have not been any changes in our internal controls over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

There were no material developments during the quarter ended December 31, 2023 to the legal proceedings previously disclosed in Item 3 "Legal Proceedings" of our Annual Report on Form 10-K filed on January 16, 2024.

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

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 6. EXHIBITS

#### EXHIBIT INDEX

Exhibit	Description	Incorporated by Reference			
		Schedule/ Form	File Number	Exhibits	Filing Date
3.1	<a href="#">Amended and Restated Certificate of Formation dated July 14, 2023</a>	S-1	333-273429	3.5	October 20, 2023
3.2	<a href="#">Amended and Restated Bylaws of Inno Holdings Inc., dated December 18, 2023</a>	8-K	001-41882	3.1	December 18, 2023
4.1	<a href="#">Underwriter's Warrant, dated December 18, 2023, issued by Inno Holdings Inc.</a>	8-K	001-41882	4.1	December 18, 2023
4.2	<a href="#">Form of Common Stock Certificate</a>	S-1	333-273429	4.1	October 20, 2023
10.1	<a href="#">Form of Indemnification Agreement</a>	S-1	333-273429	10.1	October 20, 2023
10.2++	<a href="#">Development and Supply Agreement, by and between Vision Fund LP and Inno Metal Studs Corp. dated March 24, 2023.</a>	S-1	333-273429	10.2	October 20, 2023
10.3++	<a href="#">Addendum to Development and Supply Agreement, by and among Vision Opportunity Fund LP, New Vision 101 LLC and Inno Metal Studs Corp. dated August 9, 2023.</a>	S-1	333-273429	10.5	October 20, 2023
10.4	<a href="#">Inno Holdings Inc. 2023 Omnibus Incentive Plan</a>	10-K	001-41882	10.4	January 16, 2024
10.5	<a href="#">Offer Letter, by and between Inno Holdings, Inc. and Tianwei Li, dated July 14, 2023.</a>	S-1	333-273429	10.4	October 20, 2023
10.6	<a href="#">Agreement for Purchase and Sale and Escrow Instructions, dated January 4, 2024</a>	8-K	001-41882	10.1	January 16, 2024
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
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>				
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>				
99.1	<a href="#">Audit Committee Charter</a>	10-K	001-41882	99.1	January 16, 2024
99.2	<a href="#">Compensation Committee Charter</a>	10-K	001-41882	99.2	January 16, 2024
101.INS*	Inline XBRL Instance Document				

101.SCH\* Inline XBRL Taxonomy Extension Schema Document

101.CAL\* Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF\* Inline XBRL Taxonomy Extension Definition Linkbase Document

101.LAB\* Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE\* Inline XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101).

\* Filed or furnished herewith.

++ Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10). The omitted information is not material and would likely cause competitive harm to the Company if publicly disclosed. The Company agrees to furnish an unredacted copy to the SEC upon its request.

# Certain schedules and exhibits have been omitted in compliance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of any omitted schedule or exhibit to the SEC upon its request.

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26

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### SIGNATURES

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

#### INNO HOLDINGS, INC.

Date: February 16, 2024

By: /s/ Dekui Liu  
Dekui Liu  
**Chief Executive Officer**  
**(Principal Executive Officer)**

Date: February 16, 2024

By: /s/ Tianwei Li  
Tianwei Li  
**Chief Financial Officer**  
**(Principal Financial and Accounting Officer)**

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27

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dekui Liu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Inno Holdings Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Omitted;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 16, 2024

By: /s/ Dekui Liu  
Dekui Liu  
**Chief Executive Officer**  
**(Principal Executive Officer)**

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Tianwei Li, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Inno Holdings Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Omitted;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 16, 2024

By: /s/ Tianwei Li

Tianwei Li

**Chief Financial Officer**

**(Principal Financial Officer and Accounting Officer)**

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended December 31, 2023 of Inno Holdings Inc., a Texas corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Principal Executive Officer of the Company hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 16, 2024

By: /s/ Dekui Liu  
Dekui Liu  
**Chief Executive Officer**  
**(Principal Executive Officer)**

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended December 31, 2023 of Inno Holdings Inc., a Texas corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Principal Financial Officer of the Company hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 16, 2024

By: /s/ Tianwei Li

Tianwei Li

**Chief Financial Officer**

**(Principal Financial Officer and Accounting Officer)**

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