

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly period ended June 30, 2022

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

Commission File No. 000-55247

FOCUS UNIVERSAL INC.

(Exact Name of Small Business Issuer as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

46-3355876
(IRS Employer File Number)

2311 E. Locust Court, Ontario, CA
(Address of principal executive offices)

91761
(Zip Code)

(626) 272-3883
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	FCUV	The Nasdaq Stock Market LLC (Nasdaq Global Market)

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

As of August 12, 2022, registrant had 43,423,517 shares outstanding of the registrant's common stock at a par value of \$0.001 per share.

FORM 10-Q
FOCUS UNIVERSAL INC.
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PART I. FINANCIAL INFORMATION

References in this document to "us," "we," or "Company" refer to Focus Universal Inc.

ITEM 1. FINANCIAL STATEMENTS

FOCUS UNIVERSAL INC. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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FOCUS UNIVERSAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Current Assets:		
Cash	\$ 6,660,408	\$ 8,678,665
Accounts receivable, net	167,622	177,315
Accounts receivable – related party	88,270	15,176
Inventory	56,258	22,889
Other receivables	–	13,057
Prepaid expenses	197,719	301,270
Marketable equity securities	163,490	–
Deposit - current portion	5,968	5,968
Total Current Assets	<u>7,339,735</u>	<u>9,214,340</u>
Property and equipment, net	4,310,125	4,353,340
Operating lease right-of-use asset	215,750	420,137
Deposits	36,235	33,933
Total Assets	<u>\$ 11,901,845</u>	<u>\$ 14,021,750</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 187,266	\$ 293,354
Other current liabilities	12,898	23,902
Loan, current portion	–	132,618
Lease liability, current portion	114,119	121,568
Total Current Liabilities	<u>314,283</u>	<u>571,442</u>
Non-Current Liabilities:		
Lease liability, less current portion	231,271	302,387
Loan, less current portion	–	25,929
Other liability	14,735	–
Total Non-Current Liabilities	<u>246,006</u>	<u>328,316</u>
Total Liabilities	<u>560,289</u>	<u>899,758</u>
Contingencies (Note 13)		
Stockholders' Equity:		
Common stock, par value \$0.001 per share, 75,000,000 shares authorized; 43,413,517 shares issued and outstanding as of June 30, 2022 and 43,259,741 shares issued and outstanding as of December 31, 2021	43,413	43,259
Additional paid-in capital	26,480,424	24,093,075
Shares to be issued, common shares	684,920	1,922,753
Accumulated deficit	(15,867,318)	(12,937,091)
Accumulated other comprehensive income (loss)	117	(4)
Total Stockholders' Equity	<u>11,341,556</u>	<u>13,121,992</u>
Total Liabilities and Stockholders' Equity	<u>\$ 11,901,845</u>	<u>\$ 14,021,750</u>

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

FOCUS UNIVERSAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 62,364	\$ 256,730	\$ 187,989	\$ 610,002
Revenue - related party	2,278	4,950	33,820	15,141
Total Revenue	<u>64,642</u>	<u>261,680</u>	<u>221,809</u>	<u>625,143</u>
Cost and Operating Expenses:				
Cost of revenue, excluding depreciation & amortization	57,472	208,583	200,563	500,846
Selling expense	17,548	446	55,887	958
Compensation - officers	34,000	34,000	110,040	73,100
Research and development	167,361	47,222	729,105	110,372
Professional fees	174,341	186,765	535,207	457,475
General and administrative	819,268	448,199	1,720,216	865,120
Total Operating Expenses	<u>1,269,990</u>	<u>925,215</u>	<u>3,351,018</u>	<u>2,007,871</u>
Loss from Operations	(1,205,348)	(663,535)	(3,129,209)	(1,382,728)
Other Income (Expense):				
Interest income (expense), net	256	(15,223)	250	(22,756)
Unrealized loss on marketable equity securities	(74,626)	-	(74,626)	-
Realized gain on marketable equity securities	-	-	10,281	-
Other income (expense), net	218,421	198,613	263,077	242,823
Total other income (expense)	<u>144,051</u>	<u>183,390</u>	<u>198,982</u>	<u>220,067</u>
Loss before income taxes	(1,061,297)	(480,145)	(2,930,227)	(1,162,661)
Income tax expense	-	-	-	-
Net Loss	<u>\$ (1,061,297)</u>	<u>\$ (480,145)</u>	<u>\$ (2,930,227)</u>	<u>\$ (1,162,661)</u>
Other comprehensive items				
Foreign currency translation gain and (loss)	(431)	-	121	-
Total comprehensive loss	<u>\$ (1,061,728)</u>	<u>\$ (480,145)</u>	<u>\$ (2,930,106)</u>	<u>\$ (1,162,661)</u>
Weight Average Number of Common Shares Outstanding: Basic and Diluted	<u>43,396,719</u>	<u>40,959,741</u>	<u>43,328,608</u>	<u>40,959,741</u>
Net Loss per common share: Basic and Diluted	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.07)</u>	<u>\$ (0.03)</u>

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

FOCUS UNIVERSAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Unaudited)

Description	Common stock		Additional Paid-In Capital	Shares to be Issued Common Shares	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balance - March 31, 2022	43,259,741	\$ 43,259	\$ 24,321,450	\$ 2,587,123	\$ (14,806,021)	\$ 548	\$ 12,146,359
Stock based compensation -options	-	-	228,375	-	-	-	228,375
Stock based compensation - shares	-	-	-	28,550	-	-	28,550
Common stock to be issued for services	153,776	154	1,930,599	(1,930,753)	-	-	-
Other comprehensive loss	-	-	-	-	-	(431)	(431)
Net loss	-	-	-	-	(1,061,297)	-	(1,061,297)
Balance - June 30, 2022	<u>43,413,517</u>	<u>\$ 43,413</u>	<u>\$ 26,480,424</u>	<u>\$ 684,920</u>	<u>\$ (15,867,318)</u>	<u>\$ 117</u>	<u>\$ 11,341,556</u>
Balance - March 31, 2021	<u>40,959,741</u>	<u>\$ 40,959</u>	<u>\$ 14,487,896</u>	<u>\$ 110,709</u>	<u>\$ (10,398,630)</u>	<u>\$ -</u>	<u>\$ 4,240,934</u>
Stock based compensation -options	-	-	106,837	-	-	-	106,837
Common stock to be issued for services	-	-	-	12,000	-	-	12,000
Net loss	-	-	-	-	(480,145)	-	(480,145)
Balance - June 30, 2021	<u>40,959,741</u>	<u>\$ 40,959</u>	<u>\$ 14,594,733</u>	<u>\$ 122,709</u>	<u>\$ (10,878,775)</u>	<u>\$ -</u>	<u>\$ 3,879,626</u>

Description	Common stock		Additional Paid-In Capital	Shares to be Issued Common Shares	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balance - December 31, 2021	43,259,741	\$ 43,259	\$ 24,093,075	\$ 1,922,753	\$ (12,937,091)	\$ (4)	\$ 13,121,992
Stock based compensation -options	-	-	456,750	-	-	-	456,750
Stock based compensation - shares	-	-	-	692,920	-	-	692,920
Common stock to be issued for services	153,776	154	1,930,599	(1,930,753)	-	-	-
Other comprehensive loss	-	-	-	-	-	121	121
Net loss	-	-	-	-	(2,930,227)	-	(2,930,227)
Balance - June 30, 2022	<u>43,413,517</u>	<u>\$ 43,413</u>	<u>\$ 26,480,424</u>	<u>\$ 684,920</u>	<u>\$ (15,867,318)</u>	<u>\$ 117</u>	<u>\$ 11,341,556</u>
Balance - December 31, 2020	<u>40,959,741</u>	<u>\$ 40,959</u>	<u>\$ 14,381,058</u>	<u>\$ 98,709</u>	<u>\$ (9,716,114)</u>	<u>\$ -</u>	<u>\$ 4,804,612</u>
Stock based compensation - options	-	-	213,675	-	-	-	213,675
Common stock to be issued for services	-	-	-	24,000	-	-	24,000
Net loss	-	-	-	-	(1,162,661)	-	(1,162,661)
Balance - June 30, 2021	<u>40,959,741</u>	<u>\$ 40,959</u>	<u>\$ 14,594,733</u>	<u>\$ 122,709</u>	<u>\$ (10,878,775)</u>	<u>\$ -</u>	<u>\$ 3,879,626</u>

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

FOCUS UNIVERSAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities:		
Net Loss	\$ (2,930,227)	\$ (1,162,661)
Adjustments to reconcile net loss to net cash from operating activities:		
Bad debt expense	57,147	5,749
Inventory fair value adjustments	(25,617)	(1,329)
Depreciation expense	82,063	80,872
Unrealized loss on marketable equity securities	74,626	-
Realized gain on marketable equity securities	(10,281)	-
Gain on forgiveness of debt	(158,547)	(151,500)
Stock-based compensation – shares	692,920	-
Stock-based compensation – services	-	24,000
Stock option compensation – options	456,750	213,675
Changes in operating assets and liabilities:		
Accounts receivable	(47,454)	40,219
Accounts receivable - related party	(73,094)	(5,016)
Inventories	(7,752)	32,248
Other receivable	13,057	(2,400)
Prepaid expenses	103,083	(98,821)
Deposit	(4,008)	100,000
Operating lease right-of-use asset	190,790	23,553
Accounts payable and accrued liabilities	(106,104)	32,400
Accounts payable - related party	-	(17,471)
Other current liabilities	(17,135)	164
Customer deposit	6,131	(52,751)
Lease liabilities	(60,576)	(25,228)
Other liabilities	14,736	-
Net cash flows used in operating activities	<u>(1,749,492)</u>	<u>(964,297)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(39,702)	-
Purchase of marketable securities	(708,359)	-
Proceeds from sale of marketable securities	480,524	-
Net cash flows used in investing activities	<u>(267,537)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from SBA loan	-	267,297
Repayment on SBA loan	-	(227)
Proceeds from bank loan	-	1,500,000
Prepayment on bank loan	-	(4,663)
Net cash flows provided by financing activities	<u>-</u>	<u>1,762,407</u>
Effect of exchange rate	<u>(1,228)</u>	<u>-</u>
Net change in cash	(2,018,257)	798,110
Cash beginning of period	8,678,665	583,325
Cash end of period	<u>\$ 6,660,408</u>	<u>\$ 1,381,435</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ 6,153</u>	<u>\$ 19,267</u>

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

FOCUS UNIVERSAL INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2022 AND 2021
(UNAUDITED)

Note 1 – Organization and Operations

Focus Universal Inc. (“Focus”) was incorporated under the laws of the State of Nevada on December 4, 2012 (“Inception”). Focus Universal Inc. is a universal smart instrument developer and manufacturer focused on the internet of things (“IoT”) industry, headquartered in Ontario, California, specializing in the development and commercialization of novel and proprietary universal smart technologies and instruments that solve problems plaguing the internet of things (“IoT”) industry by: (1) increasing overall chip integration by shifting it to the device level; (2) creating a faster 5G cellular technology by using Ultra-narrowband technology; (3) leveraging ultra-narrowband power line communication (“PLC”) technology; and (4) User Interface Machine auto generation technology. Universal smart technology is an off-the-shelf technology utilizing an innovative hardware integrated platform. The Focus platform provides a unique and universal combined wired and wireless solution for embedded design, industrial control, functionality test, and parameter measurement instruments and functions. The Company’s smart technology software utilizes a smartphone, computer, or a mobile device as an interface platform and display that communicates and works in tandem with a group of external sensors or probes, or both. The external sensors and probes may be manufactured by different vendors, but the universal smart technology functions in a manner that does not require the user to have extensive knowledge of the unique characteristics of the function of each of the sensors and probes. The universal smart instrument Focus developed (the “Ubiquitor”) consists of a reusable foundation component which includes a wireless gateway (which allows the instrument to connect to the smartphone via Bluetooth and WiFi technology), universal smart application software (“Application”) which is installed on the user’s smartphone or other mobile device and allows monitoring of the sensor readouts on the smartphone screen. The Ubiquitor also connects to a variety of individual scientific sensors that collect data, from moisture, light, airflow, voltage, and a wide variety of applications. The data is then sent through a wired or wireless connection, or a combination thereof to the smartphone or other mobile device and the data is organized and displayed on the smartphone screen. The smartphone or other mobile device, foundation, and sensor readouts together perform the functions of many traditional scientific and engineering instruments and are intended to replace the traditional, wired stand-alone instruments at a fraction of their cost. Focus Universal is also developing ultra-narrow band technology that is hopefully capable of overcoming the noise problems communicating through power lines that have hindered the industry for over a century. Focus Universal’s wireless communication technology may allow for longer-range coverage, might be more energy effective and management believes has much faster data sending speeds than the current 5G technology speeds being used.

Perfecular Inc. (“Perfecular”), a wholly-owned subsidiary of Focus, was founded in September 2009 and is headquartered in Ontario, California, and is engaged in designing certain digital sensor products and sells a broad selection of horticultural sensors and filters in North America and Europe.

AVX Design & Integration, Inc. (“AVX”) was incorporated on June 16, 2000 in the state of California. AVX is an IoT installation and management company specializing in high performance and easy to use Audio/Video, Home Theater, Lighting Control, Automation and Integration. Services provided by AVX include full integration of houses, apartment, commercial complex, office spaces with audio, visual and control systems to fully integrate devices in the low voltage field. AVX’s services also include partial equipment upgrade and installation.

On December 23, 2021, Focus set up a branch in Shenzhen China, Focus Universal (Shenzhen) Technology Company LTD. The subsidiary was registered to be engaged in IoT research and development, equipment sales, and application services, software development and sales, software outsourcing, intelligent agricultural management, intelligent instrumentation sales, and information consulting services. This excludes any projects subject to approval or that require a separate business license in accordance with the local laws. China allows foreign entities to setup wholly owned limited liability companies in China, also known as Wholly Foreign Owned Enterprises (WFOEs), in non “restricted” or “prohibited” industries and business activities. The subsidiary’s business operation has been approved by the local government in Shenzhen to be qualified as a WFOE entity in China. The entity is 100% owned by Focus Universal, Inc.

On January 5, 2022, the Company founded a wholly owned subsidiary named Lusher Bioscientific, Inc. (“Lusher”) Lusher Bioscientific was founded to market to the hydroponic and controlled agriculture market and to assist in the product development of IoT technology products within this sector. As of the date of this filing, the Company has only founded the subsidiary and activities are in the introductory phase.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Focus and its wholly-owned subsidiaries, Perfecular Inc., AVX Design & Integration, Inc., Focus Universal (Shenzhen) Technology Co., LTD and Lusher Bioscientific (collectively, the “Company”, “we”, “our”, or “us”). All intercompany balances and transactions have been eliminated upon consolidation. The Company’s unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Going Concern

In the long term, the continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to repay its debt obligations, to obtain necessary equity financing to continue operations, and the attainment of profitable operations. For the six months ended June 30, 2022, the Company had a net loss of \$2,930,227 and negative cash flow from operating activities of \$1,749,492. With the January 1, 2022 beginning cash amount of \$8,678,665, the Company will have enough cash to cover its projected annual cash burn rate of \$3,152,618 which is an increase from the previous year. This is a result of coming off of a year where the company completed an uplisting transaction causing a greater than normal amount of expenditure, especially in professional fees. Overall, the Company has adequate cash for the Company to continue operation as a going concern throughout 2022 without any additional capital raise. As a result, the previous factors raising substantial doubt to continue as a going concern have been alleviated for the following year.

Segment Reporting

The Company currently has two operating segments. In accordance with ASC 280, *Segment Reporting* (“ASC 280”), the Company considers operating segments to be components of the Company’s business for which separate financial information is available and evaluated regularly by Management in deciding how to allocate resources and to assess performance. Management reviews financial information presented on an unaudited condensed consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, the Company has determined that it has two operating and reportable segments.

Asset information by operating segment is not presented as the chief operating decision maker does not review this information by segment. The reporting segments follow the same accounting policies used in the preparation of the Company’s unaudited condensed consolidated financial statements.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the accompanying unaudited condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources.

The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected. Significant estimates in the accompanying financial statements include the lease term impacting right-of use asset and lease liability, useful lives of property and equipment, useful lives of intangible assets, allowance for doubtful accounts, inventory reserves, debt discounts, valuation of derivatives, and the valuation allowance on deferred tax assets. The Company regularly evaluates its estimates and assumptions.

Cash

The Company considers all highly liquid investments with a maturity of three months or less to be cash. At times, such investments may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limit. As of June 30, 2022 and December 31, 2021, approximately \$5,719,087 and \$7,464,846 of the Company's cash was not insured by the FDIC. There were no cash equivalents held by the Company as of June 30, 2022 and December 31, 2021.

Accounts Receivable

The Company grants credit to clients that sell the Company's products or engage in construction service under credit terms that it believes are customary in the industry and do not require collateral to support customer receivables. The accounts receivable balances are generally collected within 30 to 90 days of the product sale.

Allowance for doubtful accounts

The Company estimates an allowance for doubtful accounts based on historical collection trends and review of the current status of trade accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. As of June 30, 2022 and December 31, 2021, allowance for doubtful accounts amounted to \$143,782 and \$86,635, respectively.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by investing its cash with high credit quality financial institutions.

Inventory

Inventory consists primarily of parts and finished goods and is valued at the lower of the inventory's cost or net realizable value under the first-in-first-out method. Management compares the cost of inventory with its market value and a fair value adjustment is made to write down inventory to market value, if lower. Inventory allowances are recorded for obsolete or slow-moving inventory based on assumptions about future demand and marketability of products, the impact of new product introductions and specific identification of items, such as discontinued products. These estimates could vary significantly from actual requirements, for example, if future economic conditions, customer inventory levels or competitive conditions differ from expectations. The Company regularly reviews the value of inventory based on historical usage and estimated future usage. If estimated realized value of our inventory is less than cost, we make provisions in order to reduce its carrying value to its estimated market value. As of June 30, 2022 and December 31, 2021, inventory fair value adjustments amounted to \$43,323 and \$68,940, respectively.

Marketable Securities

The Company invests part of its excess treasury cash in equity securities and money market funds according to company treasury and investment policies. Marketable securities represent trading securities bought and held primarily for sale in the near-term to generate income on short-term price differences and are stated at fair value. Realized and unrealized gains and losses are recorded in other income (expense), net.

Property and Equipment

Property and equipment are stated at cost. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is included in earnings. Maintenance and repairs are expensed currently. Major renewals and betterments are capitalized. Depreciation is computed using the straight-line method. Estimated useful lives are as follows:

Fixed assets	Useful life
Furniture	5 years
Equipment	5 years
Warehouse	39 years
Improvement	5 years
Land	N/A

Long-Lived Assets

The Company applies the provisions of FASB ASC Topic 360, Property, Plant, and Equipment, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that those fair values are reduced for the cost of disposal. Long-term assets of the Company are reviewed when circumstances warrant as to whether their carrying value has become impaired. The Company considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations. The Company also re-evaluates the periods of amortization to determine whether subsequent events and circumstances warrant revised estimates of useful lives. Based on its review at June 30, 2022 and December 31, 2021, the Company believes there was no impairment of its long-lived assets.

Share-based Compensation

The Company accounts for stock-based compensation to employees in conformity with the provisions of ASC Topic 718, Stock-Based Compensation. Stock-based compensation to employees consist of stock options, grants, and restricted shares that are recognized in the statement of operations based on their fair values at the date of grant.

The measurement of stock-based compensation is subject to periodic adjustments as the underlying equity instruments vest and is recognized as an expense over the period during which services are received.

The Company calculates the fair value of option grants utilizing the Black-Scholes pricing model and estimates the fair value of the stock based upon the estimated fair value of the common stock. The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest.

The resulting stock-based compensation expense for both employee and non-employee awards is generally recognized on a straight- line basis over the requisite service period of the award.

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in FASB ASC 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own ordinary shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. The fair value of the warrants was estimated using a Black-Scholes pricing model (see Note 11). The Company does not have any outstanding warrants as of June 30, 2022 and December 31, 2021, respectively.

Fair Value of Financial Instruments

The Company follows paragraph ASC 825-10-50-10 for disclosures about fair value of its financial instruments and paragraph ASC 820-10-35-37 (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements.

To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3: Pricing inputs that are generally unobservable inputs and not corroborated by market data.

The following table summarize financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2022:

	June 30, 2022 (unaudited)			Carrying Value
	Fair Value			
	Level 1	Level 2	Level 3	
Assets				
Marketable securities:				
Stock	\$ 163,490	\$ –	\$ –	\$ 163,490
Total assets measured at fair value	<u>\$ 163,490</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 163,490</u>

The carrying amount of the Company’s financial assets and liabilities, such as cash, accounts receivable, inventories, other receivable, prepaid expenses, deposit, accounts payable and accrued expenses, other current liabilities, customer deposit, approximate their fair value because of the short maturity of those instruments.

Transactions involving related parties cannot be presumed to be carried out on an arm’s-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm’s-length transactions unless such representations can be substantiated.

However, it is not practical to determine the fair value of advances from stockholders, if any, due to their related party nature.

Comprehensive Income (Loss)

Other comprehensive income (loss) refers to revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but are excluded from net income (loss) as these amounts are recorded directly as an adjustment to stockholders’ equity. The Company’s other comprehensive loss for the six months ended June 30, 2022 and for the years ended December 31, 2021 was comprised of foreign currency translation adjustments.

Revenue Recognition

On September 1, 2018, the Company adopted ASC 606 – Revenue from Contracts with Customers using the modified retrospective transition approach. The core principle of ASC 606 is that revenue should be recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for exchange of those goods or services. The Company’s updated accounting policies and related disclosures are set forth below, including the disclosure for disaggregated revenue. The impact of adopting ASC 606 was not material to the Consolidated Financial Statements.

Revenue from the Company is recognized under Topic 606 in a manner that reasonably reflects the delivery of its services and products to customers in return for expected consideration and includes the following elements:

- executed contracts with the Company’s customers that it believes are legally enforceable;
- identification of performance obligations in the respective contract;
- determination of the transaction price for each performance obligation in the respective contract;
- Allocation of the transaction price to each performance obligation; and
- recognition of revenue only when the Company satisfies each performance obligation.

These five elements, as applied to each of the Company’s revenue category, is summarized below:

- Product sales – revenue is recognized at the time of sale of equipment to the customer.
- Service sales – revenue is recognized based on the service provided to the customer.

Revenue from our project construction is recognized over time using the percentage-of-completion method under the cost approach. The percentage of completion is determined by estimating stage of work completed. Under this approach, recognized contract revenue equals the total estimated contract revenue multiplied by the percentage of completion. Our construction contracts are unit priced, and an account receivable is recorded for amounts invoiced based on actual units produced.

Cost of Revenue, excluding depreciation & amortization

Cost of revenue includes the cost of services, labor and product incurred to provide product sales, service sales and project sales.

Research and development

Research and development costs are expensed as incurred. Research and development costs primarily consist of efforts to refine existing product models and develop new product models.

Related Parties

The Company follows ASC 850-10 for the identification of related parties and disclosure of related party transactions. Pursuant to ASC 850-10-20 the related parties include: a) affiliates of the Company; b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of ASC 825–10–15, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The unaudited condensed consolidated financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of unaudited condensed consolidated financial statements is not required in those statements. The disclosures shall include: (a) the nature of the relationship(s) involved; (b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the unaudited condensed consolidated financial statements; (c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and (d) amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

Commitments and Contingencies

The Company follows ASC 450-20 to report accounting for contingencies. Certain conditions may exist as of the date the unaudited condensed consolidated financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's unaudited condensed consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time that these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

Income Tax Provision

The Company accounts for income taxes in accordance with ASC Topic 740, Income Taxes. ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, the Company does not foresee generating taxable income in the near future and utilizing its deferred tax asset, therefore, it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Under ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company has no material uncertain tax positions for any of the reporting periods presented.

Income taxes are accounted for using the asset and liability method. Deferred income taxes are provided for temporary differences in recognizing certain income, expense and credit items for financial reporting purposes and tax reporting purposes. Such deferred income taxes primarily relate to the difference between the tax basis of assets and liabilities and their financial reporting amounts. Deferred tax assets and liabilities are measured by applying enacted statutory tax rates applicable to the future years in which deferred tax assets or liabilities are expected to be settled or realized. There was no material deferred tax asset or liabilities as of June 30, 2022 and December 31, 2021.

As of June 30, 2022 and December 31, 2021, the Company did not identify any material uncertain tax positions.

Basic and Diluted Net Income (Loss) Per Share

Net income (loss) per share is computed pursuant to ASC 260-10-45. Basic net income (loss) per share (“EPS”) is computed by dividing net income (loss) by the weighted average number of shares outstanding during the period.

Diluted EPS is computed by dividing net income (loss) by the weighted average number of shares of stock and potentially outstanding shares of stock during the period to reflect the potential dilution that could occur from common shares issuable through contingent shares issuance arrangement, stock options or warrants.

Due to the net loss incurred by the Company, potentially dilutive instruments would be anti-dilutive. Accordingly, diluted loss per share is the same as basic loss for all periods presented. The following potentially dilutive shares were excluded from the shares used to calculate diluted earnings per share as their inclusion would be anti-dilutive.

Six Months Ended June 30,	2022	2021
Stock options	367,787	262,500
Total	<u>367,787</u>	<u>262,500</u>

Reclassification

Certain reclassifications have been made to the unaudited condensed consolidated financial statements for prior years to the current year’s presentation. Such reclassifications have no effect on net income as previously reported.

Foreign Currency Translation and Transactions

The reporting and functional currency of Focus is the USD. The functional currency of Focus Universal (Shenzhen) Technology Co. LTD, a wholly owned subsidiary of Focus located in China, is the Renminbi (“RMB”).

For financial reporting purposes, the financial statements of the Company’s Chinese subsidiary, which are prepared using the RMB, are translated into the Company’s reporting currency, USD. Assets and liabilities are translated using the exchange rate on the balance sheet date. Revenue and expenses are translated using average exchange rates prevailing during each reporting period. Stockholders’ equity is translated at historical exchange rates. Adjustments resulting from the translation are recorded as a separate component of accumulated other comprehensive loss in stockholders’ equity.

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. The resulting exchange difference, presented as foreign currency transaction loss, is included in the accompanying unaudited condensed consolidated statements of operations. The exchange rates used for unaudited condensed consolidated financial statements are as follows:

	Average Rate for the Six Months Ended June 30,			
	2022 (Unaudited)		2021 (Unaudited)	
China Yuan (RMB)	RMB	6.4749	RMB	6.4721
United States Dollar (\$)	\$	1.0000	\$	1.0000

	Exchange Rate at			
	June 30, 2022 (Unaudited)		December 31, 2021	
China Yuan (RMB)	RMB	6.6964	RMB	6.3641
United States Dollar (\$)	\$	1.0000	\$	1.0000

Note 3 – Recent Accounting Pronouncement

In June 2016, the FASB issued ASU No. 2016-13, (Topic 326), Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments which amends the current accounting guidance and requires the use of the new forward-looking “expected loss” model, rather than the “incurred loss” model, which requires all expected losses to be determined based on historical experience, current conditions and reasonable and supportable forecasts. This guidance amends the accounting for credit losses for most financial assets and certain other instruments including trade and other receivables, held-to-maturity debt securities, loans and other instruments. In November 2019, the FASB issued ASU No. 2019-10 to postpone the effective date of ASU No. 2016-13 for public business entities eligible to be smaller reporting companies defined by the SEC to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company believes the adoption of ASU No. 2016-13 will not have a material impact on its financial position and results of operations.

Management does not believe that any recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

Note 4 – Inventory

At June 30, 2022 and December 31, 2021, inventory consisted of the following:

	June 30, 2022	December 31, 2021
Parts	\$ 21,480	\$ 12,470
Finished goods	34,778	10,419
Inventory	<u>\$ 56,258</u>	<u>\$ 22,889</u>

Note 5 – Deposits

Deposit balance as of June 30, 2022 amounted to \$42,203 for lease agreement and utility deposit and third-party payroll service deposit. Deposit balance as of December 31, 2021 amounted to \$39,901 for lease agreement and utility deposit.

Note 6 – Property and Equipment

At June 30, 2022 and December 31, 2021, property and equipment consisted of the following:

	June 30, 2022	December 31, 2021
Warehouse	\$ 3,789,773	\$ 3,789,773
Land	731,515	731,515
Building improvement	240,256	238,666
Furniture and fixture	38,103	27,631
Equipment	98,109	71,368
Software	1,995	1,995
Total cost	<u>4,899,751</u>	<u>4,860,948</u>
Less accumulated depreciation	<u>(589,626)</u>	<u>(507,608)</u>
Property and equipment, net	<u>\$ 4,310,125</u>	<u>\$ 4,353,340</u>

Depreciation expense for the six months ended June 30, 2022 and 2021 amounted to \$82,063 and \$80,872, respectively.

The Company purchased a warehouse in Ontario, California in September 2018 and leased an unused portion to a third party. The tenant paid \$12,335 as security deposit, shown as non-current liabilities as of June 30, 2022 and other liability in other current liability as of December 31, 2021.

Note 7 – Related Party Transactions

Revenue generated from Vitashower Corp., a company owned by the Chief Executive Officer's wife, amounted to \$31,542 and \$15,141 for the six months ended June 30, 2022 and 2021, respectively. Account receivable balance due from Vitashower Corp. amounted to \$85,992 and \$15,176 as of June 30, 2022 and December 31, 2021, respectively. Purchases generated from Vitashower Corp. amounted to \$0 and \$0 for the six months ended June 30, 2022 and 2021, respectively. There were accounts payable balances of \$0 and \$0 due to Vitashower Corp. as of June 30, 2022 and December 31, 2021, respectively.

Service revenue generated from one of the Company's directors, amounted to \$2,278 and \$0 for the six months ended June 30, 2022 and 2021, respectively. Account receivable balance due from this director amounted to \$2,278 and \$0 as of June 30, 2022 and December 31, 2021, respectively.

Compensation for services provided by the President and Chief Executive Officer for the six months ended June 30, 2022 and 2021 amounted to \$60,000 and \$60,000, respectively. Of subsequent note, Tianjin Guanglee was once owned by the Chief Executive Officer Desheng Wang, as fully disclosed in the annual report in 2017. Since then, during 2018, the entity was transferred to another individual and was not considered a related party transaction per guidelines, and further subsequent changes to the vendor are noted in Note 8 found below.

Note 8 – Business Concentration and Risks

Major customers

Three customers accounted for 34% of the total accounts receivable as of June 30, 2022 and one customer accounted for 48% of the total accounts receivable as of December 31, 2021, respectively. These three customers accounted for 54% of the total revenue for the six months ended June 30, 2022 and one customer accounted for 78% of total revenue for the six months ended June 30, 2021, respectively.

Major vendors

One vendor, Tianjin Guanglee, accounted for 0% and 0% of total accounts payable at June 30, 2022 and December 31, 2021, respectively. This same vendor, Tianjin Guanglee, accounted for 24% and 77% of the total purchases for the six months ended June 30, 2022 and 2021, respectively. Of subsequent note, Tianjin Guanglee was once owned by the Chief Executive Officer Desheng Wang, as fully disclosed in the annual report in 2017. In 2018, Dr. Wang transferred the ownership of the entity to an unrelated third party in a transaction not considered a related party transaction per the guidelines.

Note 9 – Lease

The Company recorded its operating lease expense of \$237,045 and \$32,590 for the six months ended June 30, 2022 and 2021, respectively.

On April 8, 2015, AVX Design & Integration Inc. entered an eighty-six month commercial lease with a third party for an approximately 2,592 square foot office space. The lease commenced on July 1, 2015, and will end on August 31, 2022. The monthly rent is \$4,536 with approximately a 3% increase rate in each additional year. The incremental borrowing rate for a lease is the rate of interest the Company would have to pay on a collateralized basis to borrow an amount equal to the lease payments for the asset under similar term, which is 15%. Lease expense for the lease is recognized on a straight-line basis over the lease term. As of August, the company has not entered into any new commercial lease for AVX Design & Integration Inc.

On December 7, 2021, Focus Universal (Shenzhen) Technology Co. LTD entered into a thirty-eight month commercial lease with a third party for an approximately 5,895 square foot office space. The lease commenced on December 25, 2021 and will end on February 28, 2025. The monthly rent is RMB70,097 (approximately \$11,053) with approximately an 11.1% to 12.5% increase rate in each additional year. The incremental borrowing rate for a lease is the rate of interest the Company would have to pay on a collateralized basis to borrow an amount equal to the lease payments for the asset under similar term, which is 10%. Lease expense for the lease is recognized on a straight-line basis over the lease term.

Operating lease right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. As of June 30, 2022 and December 31, 2021, operating lease right-of use assets and lease liabilities were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Operating lease right-of-use assets	\$ 215,750	\$ 420,137
Lease liabilities, current portion	\$ 114,119	\$ 121,568
Lease liabilities, less current portion	\$ 231,271	\$ 302,387

Lease term and discount rate:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Weighted average remaining lease term		
Operating lease	0.17 to 2.67 years	0.67 to 3.17 years
Weighted average discount rate		
Operating lease	10% - 15%	10% - 15%

The minimum future lease payments are as follows:

	<u>Amount</u>
Year ending December 31, 2022	\$ 73,964
Year ending December 31, 2023	140,008
Year ending December 31, 2024	155,709
Year ending December 31, 2025	26,170
Total minimum lease payment	395,851
Less: imputed interest	(50,463)
Present value of future minimum lease payments	<u>\$ 345,389</u>

Note 10 – Loans

Paycheck Protection Program

On March 2, 2021, Perfecular Inc. entered into an agreement to receive a U.S. Small Business Administration Loan (“SBA Loan”) from Wells Fargo related to the COVID-19 pandemic in the amount of \$158,547, which we received on March 3, 2021. The SBA Loan has a fixed interest rate of 1 percent per annum and a maturity date two years from the date loan was issued. On April 4, 2022, the SBA authorized full forgiveness of this loan principal amount of \$158,547 and \$1,570 interest.

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
SBA Loan	\$ –	\$ 158,547
Less: current portion	–	(132,618)
Long term portion	<u>\$ –</u>	<u>\$ 25,929</u>

Interest expense incurred from the loans amounted to \$288 and \$22,827 for the six months ended June 30, 2022 and 2021, respectively.

Note 11 – Stockholders’ Equity

Shares authorized

Upon formation, the total number of shares of all classes of stock that the Company is authorized to issue is seventy-five million (75,000,000) shares of common stock, par value \$0.001 per share.

Common stock

During the six months ended June 30, 2022, the Company issued 153,776 shares of common stock.

On April 4, 2022, the Company issued 121,149 shares of its Common Stock to Boustead Securities LLC. (“Boustead”), which is the warrants exercised by Boustead on September 7, 2021 with the exercise price \$6.25 and the shares were valued at \$1,776,044 upon cashless exercise option of warrants related to completion of the Company’s public offering.

On May 2, 2022, the Company issued 32,627 shares to consultants in exchange for professional services rendered. The shares were valued at \$154,709 based on the closing price of the Company’s common stock on the dates that the shares were deemed earned, according to the agreements.

During the year ended December 31, 2021, the Company issued 2,300,000 shares of common stock.

On September 2, 2021, the Company closed its initial public offering (“IPO”) under a registration statement effective August 30, 2021, in which it issued and sold 2,000,000 shares of its Common Stock at a purchase price of \$5.00 per share.

On September 2, 2021, the Company closed on the IPO’s overallotment option, selling an additional 300,000 shares of Common Stock to the IPO’s underwriters at the public offering price of \$5.00 per share. The Company received net proceeds of approximately \$10.3 million from the IPO after deducting underwriting fee and offering expenses.

As of June 30, 2022 and December 31, 2021 and 2020, the Company had 43,413,517 shares and 43,259,741 shares of common stock issued and outstanding, respectively.

Shares to be issued for compensation

The Company entered into agreements with third party consultants for financing and management consulting. The Company has incurred consulting service fees not paid in cash amounting to \$8,000 for the three months ended June 30, 2022, which the Company intends to issue stock as compensation for services rendered. Expenses incurred and paid in shares as of June 30, 2022 amounted to \$154,709.

On August 30, 2021, the Company entered into a Representative Common Stock Purchase Warrant agreement (“Warrant Agreement”) with its placement agent, Boustead for 161,000 shares and the exercise price is \$6.25. Boustead exercised the warrants on September 7, 2021. The fair value of the warrants was \$1,041,670 and \$2,326,450 as of August 30 and September 7, 2021, respectively. For the year ended December 31, 2021, the Company recorded a loss from change in the fair value of warrant liability which amounted to a difference of \$1,284,780.

These warrants were valued using a Black-Scholes pricing model with the following assumptions:

	August 30, 2021 (Initial Measurement)	September 7, 2021
Risk-free interest rate	0.77%	0.82%
Expected term	5 years	5 years
Expected volatility	194.37%	204.27%
Expected dividend yield	0%	0%
Fair value of units (using Black-Scholes)	\$ 6.47	\$ 14.45

This Warrant Agreement allowed for cashless exercise option, which is calculated by the percentage difference between exercise and trading price, which resulted in a reduced number of warrants being exercisable. On September 7, 2021, Boustead exercised 121,149 warrants with fair value of \$1,776,044 upon cashless exercise option of warrants related to completion of the Company’s public offering. The shares will be issued six months after these warrants have been exercised. For the year ended December 31, 2021, the Company has a gain on settlement of derivative liability which amounted to \$550,406. 121,149 shares were issued to Boustead which amounted to \$17,776,044 as of June 30, 2022.

Employee compensation

On February 11, 2022 (“Vesting Date”), the Company entered into a Restricted Stock Award Agreement (“Award Agreement”) with nine employees for 290,000 shares of the \$0.001 par value voting common stock subject to the terms and to the fulfillment of the conditions set in the plan. The first 20% of the restricted shares was granted and vested on February 11, 2022. 20% of the restricted shares will vest on each anniversary of the Vesting Date until fourth anniversary of the Vesting Date. There were 58,000 shares granted as of March 31, 2022. The fair value of above employee compensation was \$609,580 as of June 30, 2022.

In November 2021, the Company entered into a one-year employment agreement with VP of Finance and Head of Investor Relations of the Company, pursuant to which the Company rewards 10,000-share bonus consisting of shares of \$0.001 par value voting common stock, which will be granted in 2,500 blocks every quarter based on certain performance metrics.

During the six months ended June 30, 2022, the Company recognized VP of Finance and Head of Investor Relations of the Company employee compensation amount of \$75,340. During the six months ended June 30, 2022 and 2021, the Company total employee compensation amount were \$684,920 and \$0, respectively.

Stock options

On August 6, 2019, each member of the Board was granted 30,000 options to purchase shares at \$5.70 per share.

On January 4, 2021, each member of the Board was granted 15,000 options to purchase shares at \$3.00 per share.

On December 31, 2021, each member of the Board was granted 15,000 options to purchase shares at \$8.86 per share.

As of December 31, 2021, there were 420,000 options granted, 315,288 options vested, 104,713 options unvested, and 420,000 outstanding stock options.

For the six months ended June 31, 2022 and 2021, the Company’s stock option compensation expenses amounted to \$456,750 and \$213,675, respectively.

The fair value of the stock options listed above was determined using the Black-Scholes option pricing model with the following assumptions:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Risk-free interest rate	0.93 – 1.52%	0.93%
Expected life of the options	10 years	10 years
Expected volatility	122.93 – 148.18%	122.93%
Expected dividend yield	0%	0%

The following is a summary of the option activity from December 31, 2021 to June 30, 2022:

<u>Options</u>	<u>Shares</u>	<u>Weighted average exercise price</u>	<u>Weighted Average Remaining Contractual Life</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at December 31, 2021	420,000	\$ 5.82	8.56	–
Granted	–	\$ –	–	–
Exercised	–	\$ –	–	–
Forfeited or expired	–	\$ –	–	–
Outstanding at June 30, 2022	420,000	\$ 5.82	8.56	2,354,100
Vested as of June 30, 2022	367,787	\$ 5.38	8.35	2,220,435
Exercisable at June 30, 2022	367,787	\$ 5.38	8.35	2,220,435

Note 12 – Segment reporting

The Company consists of two types of operations. Focus Universal, Inc. (“Corporate”) involves operations related to research and development of technology products, non-specific financing, executive expense, operations and investor relations of the public entity, and general shared management and costs across subsidiary units which spread across all functional categories. Perfecular Inc. (“Perfecular”) involve wholesale, marketing, and production of universal smart instrument and devices in the hydroponic and controlled agricultural segments. AVX Design & Integration, Inc. (“AVX”) is an IoT installation and management company specializing in high performance and easy to use audio/video, home theater, lighting control, automation, and integration. The table below discloses income statement information by segment.

	Six Months Ended June 30, 2022			
	Corporate	Perfecular	AVX	Total
Revenue	\$ –	\$ 47,650	\$ 140,339	\$ 187,989
Revenue - related party	–	31,542	2,278	33,820
Total revenue	–	79,192	142,617	221,809
Cost and Operating Expenses				
Cost of Revenue, excluding depreciation & amortization	–	60,702	139,861	200,563
Selling expense	–	48,085	7,802	55,887
Compensation - officers and directors	110,040	–	–	110,040
Research and development	729,105	–	–	729,105
Professional fees	522,546	–	12,661	535,207
General and administrative	446,576	1,141,522	132,118	1,720,216
Total Cost and Operating Expenses	1,808,267	1,250,309	292,442	3,351,018
Loss from Operations	(1,808,267)	(1,171,117)	(149,825)	(3,129,209)
Other Income (Expense):				
Interest income (expense), net	490	(288)	48	250
Unrealized loss on marketable equity securities	(74,626)	–	–	(74,626)
Realized gain on marketable equity securities	10,281	–	–	10,281
Other income (expense), net	105,560	160,117	(3,600)	263,077
Total other income (expense)	42,705	159,829	(3,552)	198,982
Loss before income taxes	(1,765,562)	(1,011,288)	(153,377)	(2,930,227)
Tax expense	–	–	–	–
Net Loss	\$ (1,765,562)	\$ (1,011,288)	\$ (153,377)	\$ (2,930,227)

Note 13 – Commitments and Contingencies

In the normal course of business or otherwise, the Company may become involved in legal proceedings. The Company will accrue a liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. When only a range of possible loss can be established, the most probable amount in the range is accrued. The accrual for a litigation loss contingency might include, for example, estimates of potential damages, outside legal fees, and other directly related costs expected to be incurred. There were no recorded litigation loss contingencies as of June 30, 2022 and December 31, 2021.

Note 14 –Subsequent Events

Regarding election of directors, on August 10, 2022, the Board of Directors appointed Sean Warren to serve on the Board of Directors as an independent director. The appointment of Mr. Warren fills a board seat previously vacated by Mr. Greg Butterfield. As a director, Mr. Warren's term begins August 10, 2022, and expires at the annual meeting of the stockholders to be held in 2023. It has been determined and accepted that Mr. Warren will serve as a member on the audit and compensation committees of the Board of Directors. Mr. Warren will have the same compensation arrangement for his service as the other independent directors. That compensation currently consists of cash compensation and an option grant.

Mr. Sean Warren is a seasoned executive with over 25 years of experience in technology and enterprise technology systems and has previously served on Focus Universal's board of directors beginning on June 8, 2018. His areas of expertise include software development, cloud management, enterprise infrastructure development and full spectrum of IT compliance. Mr. Warren currently serves as the Vice President of OPSA Change Delivery for Wells Fargo and has since 2019. From 2016 to 2018, he served as Director of IT Operations at Domo, Inc. Mr. Warren has also previous served as the CIO of Mountain Medical, Veyo Medical and Vice President of IT at Larry Miller. He has also worked for technology companies including Omniture, Adobe. Mr. Warren graduated from Florida State University with a degree in accounting. He is qualified to serve as a director because of his accounting experience, his experience serving on public company boards and experience with the financial industry and information technology.

The Company has evaluated other subsequent events through the date these unaudited condensed consolidated financial statements were issued and determined that there were no other subsequent events or transactions other than this election of director event that require recognition or disclosures in the unaudited condensed consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and notes thereto included in, Item 1 in this Quarterly Report on Form 10-Q. This item contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in such forward-looking statements.

Forward-Looking Statements

This Quarterly Report on Form 10-Q and the documents incorporated herein by reference contain forward-looking statements. Such forward-looking statements are based on current expectations, estimates, and projections about our industry, management beliefs, and certain assumptions made by our management. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words, and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed or forecasted in any such forward-looking statements. Unless required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. However, readers should carefully review the risk factors set forth herein and in other reports and documents that we file from time to time with the Securities and Exchange Commission, particularly the Report on Form 10-K, Form 10-Q and any Current Reports on Form 8-K.

Narrative Description of the Business

Focus Universal Inc. (the “Company,” “we,” “us,” or “our”) is a Nevada corporation. We have developed five proprietary technologies utilizing our patent portfolio which we believe solve the most fundamental problems plaguing the internet of things (“IoT”) industry through: (1) increasing overall chip integration by shifting integration from the component level to the device level; (2) creating a faster 5G cellular technology by using ultra-narrowband technology; (3) leveraging ultra-narrowband power line communication (“PLC”) technology; (4) proprietary User Interface Machine auto generation technology; and (5) incorporating all our core technologies into a single chip. Our Universal Smart Technology is designed to overcome instrumentation interoperability and interchangeability. The electronic design starts from a 90% completed common foundation we call our universal smart instrumentation platform (“USIP”), instead of the current method of building each stand-alone instrument from scratch. Our method eliminates redundant hardware and software and results in significant cost savings and production efficiency. We have developed software machine auto generation technology to replace the manual software designs which are currently in use and cannot satisfy the exponential growth of future IoT industry demand. Our ultra-narrowband PLC enables our users to send data over existing electricity power cables and immediately establish a ubiquitous data network without substantial new investment for a dedicated wiring infrastructure. Our ultra-narrow band technology is capable of overcoming the noise problems communicating through power lines that have hindered our competitors for over a century. Our wireless communication technology allows for longer-range coverage, is more energy effective and has much faster data sending speeds than the current 5G technology speeds being used. We also provide sensor devices and are a wholesaler of various air filters and digital, analog, and quantum light meter systems.

For the three and six months ended June 30, 2022 and 2021, we generated significant amount of our revenue from sales of a broad selection of agricultural sensors and measurement equipment which is currently our primary business.

Our Current Products Include:

We are a wholesaler of various digital, analog, and quantum light meters and filtration products, including fan speed adjusters, carbon filters and HEPA filtration systems. We source these products from various manufacturers in China and then sell them to a major U.S. distributor, Hydrofarm, who resells our products directly to consumers through retail distribution channels and in some cases, places its own branding on our products.

Specifically, we sell the following products through Hydrofarm:

Fan speed adjuster device. We provide a fan speed adjuster device to our client Hydrofarm. Designed specifically for centrifugal fans with brushless motors, our adjuster device helps ensure longer life by preventing damage to fan motors by adjusting the speed of centrifugal fans without causing the motor to hum. These devices are rated for 350 watts max, have 120VAC voltage capacity and feature an internal, electronic auto-resetting circuit breaker.

Carbon filter devices. We sell two types of carbon filter devices to our client Hydrofarm. These carbon filter devices are professional grade filters specifically designed and used to filter air in greenhouses that might be polluted by fermenting organics. One of these filters can be attached to a centrifugal fan to scrub the air in a constant circle or can be attached to an exhaust line as a single pass filter, which moves air out of the growing area and filters unwanted odors and removes pollens, dust, and other debris in the air. The other filter is designed to be used with fans from 0-6000 C.F.M.

HEPA filtration device. We provide a high-efficiency particulate arrestance (“HEPA”) filtration device at wholesale prices to our client Hydrofarm. Manufactured, tested, certified, and labeled in accordance with current HEPA filter standards, this device is targeted towards greenhouses and grow rooms and designed to keep insects, bacteria, and mold out of grow rooms. We sell these devices in various sizes.

Digital light meter. We provide a handheld digital light meter that is used to measure luminance in fc units, or foot-candles.

Quantum par meter. We provide a handheld quantum par meter used to measure photosynthetically active radiation (“PAR”). This fully portable handheld PAR meter is designed to measure PAR flux in wavelengths ranging from 400 to 700 nm. It is designed to measure up to 10,000 μmol .

Ubiquitor Wireless Universal Sensor Device

We are developing a device we call the Ubiquitor, which replaces the functions of traditional digital measurement and sensing products by integrating many digital sensors and measurement tools into one single digital device. We believe the platform represents a technological advancement in the IoT marketplace by integrating large numbers of technologies, including cloud technology, wired and wireless communication technology, software programming, instrumentation technology, artificial intelligence, PLC, and sensor networking into a single platform. The result of such integration is a smaller, cheaper and faster circuit system design than those currently offered in the instrumentation market.

Our USIP technology that will make the Ubiquitor possible is an advanced software and hardware integrated instrumentation platform that uses a large-scale modular design approach. The large-scale modular design approach subdivides instruments into a foundation component (a USIP) and architecture-specific components (sensor nodes), which together replaces the functions of traditional instruments at a fraction of their cost. The USIP has an open architecture, incorporating a variety of individual instrument functions, sensors, and probes from different industries and vendors. The platform features the ability to connect potentially thousands of different sensors or probes, addressing major limitations present in traditional instrumentation systems.

The USIP, which is compatible with a significant percentage of the instruments currently manufactured, consists of universal and reusable hardware and software. The universal hardware in the USIP is (i) a smartphone, computer, or any mobile device capable of running our software that includes a display and either hardware controls or software control surfaces, and (ii) our Ubiquitor, which is designed to be the universal data logger that acts as a bridge between the computer or mobile device and the sensor nodes. We call our flagship USIP device the “Ubiquitor” due to its ability to measure and test a variety of electrical and physical phenomena such as voltage, current, temperature, pressure, sound, light, and humidity—both wired and wirelessly.

We have created and assembled prototype models of the Ubiquitor in limited quantities and plan to expand our assembly in 2023. Our prototype Ubiquitor is compatible with standard desktop computers running either Windows OS or MacOS and Android- or iOS-based mobile devices and acts as a conduit that communicates with a group of sensors or probes manufactured by different vendors in a manner that requires the user to have little or no knowledge of their unique specifications. The data readout is displayed on the computer or mobile device display in application software we have created for use with a Windows PC and are creating for use with a Mac. We are designing the application software (the “App”) to have a graphical representation of control and indicator elements common in traditional tangible instruments, such as knobs, buttons, dials, and graphs, etc. Utilizing the Ubiquitor and the App, users and instrument manufacturers will be free to add, remove or change a sensor module for their special industrial or educational application without needing to create their own application software and design their own hardware. Our developers are designing and implementing a soft control touch screen interface that supports real-time data monitoring and facilitates instrument control and operation.

Recently, the Company has devoted a substantial number of resources to research and development in both the US and China to bring the Ubiquitor and its App to full production and distribution. We anticipate that the sales and marketing involved with bringing the Ubiquitor to market will require us to hire a number of new sales and marketing employees in order to gain traction in the market. We expect to continue this process throughout 2023. We intend to introduce the Ubiquitor in smart home installations to reduce costs and increase functionality, as well as implement the Ubiquitor device in greenhouses and other agricultural warehouses that require regulation of light, humidity, temperature, and other measurable scientific units required to create optimal growing conditions.

Our universal smart development protocol focuses not only on the design of the hardware and software modules but also on the design of the overall universal smart instruments system, guided by the principles of structure, universality and modularity. As mentioned, we believe we address the core and fundamental issues facing the IoT marketplace.

Our Ubiquitor device is a fully modular system with a universal sensor node and gateway system that uses a computer or mobile device as the output display module responsible for displaying the readings of various sensor nodes. We have completed an initial production run of prototype Ubiquitor devices and intend to proceed into full-scale production. The Ubiquitor's sensor analytics system integrates event-monitoring, storage and analytics software in a cohesive package that provides a holistic view of the sensor data it is reading.

The physical hardware of the Ubiquitor will consist of:

1. The sensor nodes, which come in hundreds of different varieties of sensor instruments in the form of a USB stick, with both male and female ports; and
2. The Ubiquitor instrument as the main hardware gateway, which is a small cell phone-sized device with integrated circuits.

We believe the Ubiquitor device can connect up to thousands of potential sensor nodes, and integrate data using embedded software to display the data and all analytics onto a digital screen (desktop, smartphone or mobile device displays) using a Wi-Fi connection. As disclosed in our patent application, we have already tested up to 256 sensor instrument readouts. Most types of nodes and probes can connect to the hardware. If the sensor size is bigger than the standard probe size, it is possible to simply use a USB cable to connect the probe and the hub. All data and analytics are displayed on a single screen, with tools that record and keep track of all measurements, and sort and display analytic information in easy-to-read charts.

The Ubiquitor will be a general platform that collects data in real time, up to 100 Hz per second; and thus, is intended to be adapted to many industrial uses.

By using the universal hardware or USIP, we believe we could achieve the following efficiencies in instrumentation systems:

1. **Cut production costs.** Smartphone technology is widely used on the small sensor device market. By utilizing smartphone technology, the Ubiquitor will add superior functionality and performance, improve the product's quality, and cut production costs.
2. **Reduce the effort required to develop a new sensor product.** With the Ubiquitor, we believe that there will be no need for device manufacturers to research and develop new monitoring and operating components because they will just need to develop new sensor nodes or probes that may be integrated into our software technology.
3. **Reduce clutter.** It is anticipated that the Ubiquitor could dispense with some of the hassle of connecting cables, since the Ubiquitor allows wireless transmission of sensor data and may allow wireless access to networks, such as a PLC network.

We have not yet started research and development of a second generation Ubiquitor device, but once we demonstrate the market for this product, we intend to begin such research and development. Currently our research and development is focused on concepts we can implement in the current first generation Ubiquitor device.

Research and Development Efforts of Power Line Communication

Power Line Communication (“PLC”) is a communication technology that enables sending data over existing power cables. One advantage of this technology is that PLC does not require substantial new investment for its communications infrastructure. Rather, PLC utilizes existing power lines, thereby forming a distribution network that already penetrates all residential, commercial and industrial premises. Accordingly, connectivity via PLC is potentially the most cost-effective, scalable interconnectivity approach for the IoT. We believe PLC can be an integral part of our communication infrastructure for the IoT, which enables reliable, real-time measurements, monitoring and control. A large variety of appliances may be interconnected by transmitting data through the same wires that provide electrical energy.

Our patented PLC is an innovative communication technology that enables sending data over existing power cables in the electric grid. Because PLC uses the existing power lines, it does not require substantial new investment for a dedicated wiring infrastructure. Existing power lines already form a distribution network that penetrates most residential, commercial, and industrial properties. Given that the power grid is, for the most part, an established ubiquitous network, we believe that PLC is potentially the most cost-effective, scalable interconnectivity approach for the backbone communication infrastructure required for the IoT. PLC allows IoT devices to be plugged into power outlets to establish a connection using the existing electrical wiring, permitting data sharing without the inconvenience of running dedicated network cables.

Historically, the primary design goal of the power line network was electric power distribution. The power line network was not originally designed to function as a communication channel. Consequently, while PLC has been around for many years, the harsh electrical noise present on power lines and variations in equipment and standards make communications over the power grid difficult and present several challenges for data transfer. Signals propagating along the power line are subjected to substantial amounts of noise, attenuation, and distortion. PLC is susceptible to noise from devices linked to the power supply infrastructure. Because of these factors, previous attempts at implementing PLC technology resulted in power companies and internet service providers deciding that the technology is not a viable means of delivering data or broadband internet access.

We have successfully developed ultra-narrowband PLC technology that we believe can transfer readable data through the power grid. According to our internal testing, our ultra-narrowband PLC technology can send and receive data without the customary interference that occurs in standard office and residential environments, achieving speeds of 4 Mbps at a bandwidth of less than 1000 Hz. To test noise interference and disturbance we utilized six industrial fans simultaneously, and no significant interference was found. By comparison, a single hair dryer will render legacy PLC technology completely useless. We have completed the development of our 4Mbps PLC modules and the printed circuit board layout. These modules will be used for IoT systems involving over 1,000 sensors.

Penetrating physical barriers like walls within a single floor or reaching out to different floors in a single building is a challenge for the wireless technology that current IoT systems are using. Moreover, wireless networks often face performance issues due to radio-frequency interference caused by microwave ovens, cordless telephones, or even Bluetooth devices at home. However, our PLC technology can reach every node connected via the power lines. Our technology converts virtually every standard wall socket into an access point, making it a more consistent and reliable system for crucial and sensitive operations. Our ultra-narrowband PLC technology’s ability to reach long distances via power lines becomes especially useful in commercial networks that require the ability to avoid physical barriers like walls, underground structures, and hills. We believe that our PLC technology can be an integral part of any smart city, community, or campus.

The 5G cellular network, for example, promises exciting advances for telecommunication service providers, but the implementation of the 5G network will be challenging. The implementation will require building out dense, low-latency edge networks in ways that are affordable, secure and easily maintainable. 5G antennas will be able to handle more users and to transmit more data, but they will have a shorter transmission range. 5G networks will also require frequencies of up to 300 GHz. This requirement means wireless carriers will need to bid for the costly higher spectrum bands to roll out their respective 5G networks. Generally speaking, wireless networks are typically slower and more expensive than existing wired networks and extremely susceptible to interference from radio signals, radiation, walls and other forms of interference. Additionally, wireless networks may be accessed by any device within range of the network’s signal, making the information transmitted on a wireless network susceptible to access by unauthorized recipients. We are currently developing a wired alternative to wireless networks that utilizes installed power lines to transmit information. Our PLC technology uses an ultra-narrow band spectrum channel of less than 1 KHz to establish a long-distance link between transmitter and receiver. Thus, we believe that our proprietary ultra-narrow band PLC technology will offer a promising alternative to wireless networks and provide the backbone communication infrastructure for IoT devices.

We believe that because residential and commercial structures already include multiple power outlets, the power line infrastructure represents an excellent network to share data among intelligent devices, particularly in the smart home installations that we are currently performing through AVX. Using PLC technology would mean that the requirement for costly ethernet cable networks to carry network information could be eliminated, as the same signals may be carried on the existing power lines.

We plan to leverage the communications technology of PLC to enhance the Ubiquitor and make the Ubiquitor a central component of the smart home and gardening systems we are currently developing. The goal would be that our Ubiquitor would be used to send or receive control signals from a smart device, and control hundreds of devices in near real time. We intend to apply the same concept to commercial and industrial applications.

Also, we plan to design a full line of products for the gardening industry by integrating the Ubiquitor device into a gardening system. The system would include a light control node, temperature sensor, humidity sensor, digital light sensor, quantum PAR sensor, pH sensor, total dissolved solids (“TDS”) sensor and carbon dioxide sensor design. We believe the combination of these sensors would offer the same features as a combination of dozens or even hundreds of different instruments in the gardening industry. The Ubiquitor would be used to replace these devices and could offer another case study of the effectiveness of the application of universal smart technology to such systems.

The development of universal smart instruments and the IoT have a considerable amount of overlap, with the only difference being the number of sensor nodes involved. We plan to take advantage of this overlap and unify universal smart instruments and the IoT into a single system, building the IoT infrastructure for both residential and commercial uses and charging monthly subscription fees. End users will be able to plug any peripheral devices into the power outlet and enjoy the IoT connectivity throughout their home.

Eventually, we hope to establish five divisions to bring our technology together: 1) AVX with new shared distributed smart home products powered by the Ubiquitor; 2) an IT division in software machine design; 3) Universal Smart Instrumentation; 4) PLC; and 5) an IoT division.

Intellectual Property Protection

On November 4, 2016, we filed a U.S. patent application number 15/344,041 with the USPTO. On March 5, 2018, we issued a press release announcing that the USPTO published an Issue Notification for U.S. Patent Application No. 9924295 entitled “Universal Smart Device,” which covers a patent application regarding the Company’s Universal Smart Device. The patent was issued on March 20, 2018.

Subsequent to our internal research and development efforts, we filed with the USPTO on June 2, 2017 a patent application regarding a process for improving a spectral response curve of a photo sensor. The small and cost-effective multicolor sensor and its related software protected by the patent we believe could achieve a spectral response that approximates an ideal photo response to take optical measurement. The patent was issued on February 26, 2019.

In addition, we have been notified that the USPTO published a notice of allowance for a patent application we filed on March 12, 2018 as application No. 15/925,400. The patent title is a “Universal Smart Device,” which is a universal smart instrument that unifies heterogeneous measurement probes into a single device that can analyze, publish, and share the data analyzed. The issue fee was paid on March 14, 2019.

On November 29, 2019, the Company filed an international utility patent application filed through the patent cooperation treaty as application PCT/US2019/63880. In April 2020, the Company was notified that it received a favorable international search report from the International Searching Authority regarding this patent application, which patents the Company’s PLC technology. The World Intellectual Property Organization report cited only three category “A” documents, indicating that the Company’s application met both the novelty and non-obviousness patentability requirements. Consequently, the Company is optimistic that the patent covering the claims for its PLC technology will be issued in due course and will allow the Company to implement strong protections on the PLC technology worldwide.

In the fourth quarter of 2021, we hired the law firm of Knobbe Martens, Olson & Bear, LLP to serve as outside intellectual property counsel for the Company. The firm is working on further transferring the Company’s provisional patent applications to formal patent applications which should number 13 according if all proceed according to plan. In addition, Knobbe Martens is also working on further filing four previously unfiled patents during the same timeframe and extending an existing patent application into Europe and Australia. In addition, in May 2022, the Company also engaged Chang & Hale, LLP law firm as suggested by our counsel at Knobbe, Martens, Olsen & Bear, LLP to assist with two new patents, however Knobbe Martens still remains our main IP counsel. In all, the company now has 24 total patents and patent applications in various phases with the US Patent and Trademark Office.

Competitors

There are several competitors we have identified, specifically in the wireless sensor node industry, including traditional instruments or devices manufacturers such as Hanna Instruments and Extech Instruments.

Hach developed and launched the SC1000 Multi-parameter Universal Controller, a probe module for connecting up to 32 digital sensors or analyzers. However, their products are not compatible with smart phones yet; and we believe their price point is still prohibitive to consumers.

Monnit Corporation offers a range of wireless and remote sensors. Many of Monnit's products are web-based wireless sensors that usually are not portable because of their power consumption. Also, the sensors' real-time updates are slow; and we believe security of the web-based sensor data acquisition also may be a concern. In addition to purchasing the device, consumers usually have to pay monthly fees for using web-based services.

We are not trying to compete with traditional instruments or device manufacturers because we utilize our Ubiquitor device in conjunction with our smartphone application, which we believe will be a completely different product category.

Market Potential

We believe that wireless universal smart technology will play a critical role for traditional instrument manufacturers, as it is too expensive and difficult to develop for medium or smaller companies. The cost factor is the first consideration when deciding whether a company wants to develop smart wireless technologies and implement them in their products or use them in their field testing. We also hope to play a role in academic laboratories, particularly with smaller academic laboratories who are sensitive to price.

Results of Operations

For the three months ended June 30, 2022 compared to the three months ended June 30, 2021

Revenue

Our consolidated gross revenue for the three months ended June 30, 2022 and 2021 was \$64,642 and \$261,680, respectively, which included revenue from related parties of \$2,278 and \$4,950, respectively. Revenue for the three months ended June 30, 2022 decreased \$197,038 due to sales decrease from major customer of Perfecular and AVX Design & Integration Inc. being unable to generate more service work or develop a big project of high competitive environment in Los Angeles area. Additionally, the company is midstream in shifting toward more higher technology products and revenues, and diversifying away from more generalized hydroponic equipment of which remain in higher inventory levels within the industry.

Cost and Operating Expenses

The major components of our cost and operating expenses for the three months ended June 30, 2022 and 2021 are outlined in the table below:

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	Increase (Decrease) \$
Cost of revenue, excluding depreciation & amortization	57,472	\$ 208,583	\$ (151,111)
Selling expense	17,548	446	17,102
Compensation – officers and directors	34,000	34,000	–
Research and development	167,361	47,222	120,139
Professional fees	174,341	186,765	(12,424)
General and administrative	819,268	448,199	371,069
Total costs and operating expenses	<u>\$ 1,269,990</u>	<u>\$ 925,215</u>	<u>\$ 344,775</u>

Cost of revenue, excluding depreciation and amortization for the three months ended June 30, 2022 was \$57,472, compared to \$208,583 for the three months ended June 30, 2021. This decrease in cost of revenue was related to the decrease in revenues.

Selling expense for the three months ended June 30, 2022 was \$17,548, compared to \$446 for the three months ended June 30, 2021. Selling expense incurred was mainly from third party advertising fees. The increase of selling expense was due to an increase in advertising fees.

Compensation – officers and directors were \$34,000 and \$34,000 for the three months ended June 30, 2022 and 2021, respectively.

Research and development costs were \$167,361 and \$47,222 for the three months ended June 30, 2022 and 2021, respectively. The increase was due to an increase research and development employee compensation and China research and development costs.

Professional fees were \$174,341 during the three months ended June 30, 2022, compared to \$186,765 during the three months ended June 30, 2021. The decrease in third party consulting fee compared to the prior period.

General and administrative expenses of \$819,268 incurred during the three months ended June 30, 2022 primarily consisted of stock-based compensation of \$228,375, salaries of \$178,530, rent of \$161,448, insurance expense of \$81,579, and depreciation expense of \$41,899. General and administrative expenses of \$448,199 incurred during the three months ended June 30, 2021 primarily consisted of stock-based compensation of \$106,838, salaries of \$75,845, insurance expense of \$86,309 and depreciation expense of \$39,156.

Other Income

Other income of \$144,051 incurred during the three months ended June 30, 2022 primarily consisted of SBA PPP forgiveness loan of \$158,547, unrealized loss on marketable equity securities of \$74,626 and cancellation of debt of \$20,000. Other income of \$183,390 incurred during the three months ended June 30, 2021 primarily consisted of SBA PPP forgiveness loan of \$151,500.

Net Losses

During the three months ended June 30, 2022 and 2021, we incurred net losses of \$1,061,297 and \$480,145 respectively, due to the factors discussed above.

For the six months ended June 30, 2022 compared to the six months ended June 30, 2021

Revenue

Our consolidated gross revenue for the six months ended June 30, 2022 and 2021 was \$221,809 and \$625,143, respectively, which included revenue from related parties of \$33,820 and \$15,141, respectively. Revenue for the six months ended June 30, 2022 decreased \$403,334 due to sales decrease from Hydrofarm to Perfecular and AVX Design & Integration Inc. being unable to generate more service work or develop a big project in the highly competitive environment of the Los Angeles area. As mentioned, the company is midstream in shifting toward more higher technology products and revenues and diversifying away from generalized hydroponic equipment.

Cost and Operating Expenses

The major components of our cost and operating expenses for the six months ended June 30, 2022 and 2021 are outlined in the table below:

	For the six months ended June 30, 2022	For the six months ended June 30, 2021	Increase (Decrease) \$
Cost of revenue, excluding depreciation & amortization	200,563	\$ 500,846	\$ (300,283)
Selling expense	55,887	958	54,929
Compensation – officers and directors	110,040	73,100	36,940
Research and development	729,105	110,372	618,733
Professional fees	535,207	457,475	77,732
General and administrative	1,720,216	865,120	855,096
Total costs and operating expenses	<u>\$ 3,351,018</u>	<u>\$ 2,007,871</u>	<u>\$ 1,343,147</u>

Cost of revenue, excluding depreciation & amortization for the six months ended June 30, 2022 was \$200,563, compared to \$500,846 for the six months ended June 30, 2021. This decrease in cost of revenue was related to the decrease in revenues.

Selling expense for the six months ended June 30, 2022 was \$55,887, compared to \$958 for the six months ended June 30, 2021. Selling expense incurred was mainly from third party advertising fees. The increase of selling expense was due to an increase in advertising fees.

Compensation – officers and directors were \$110,040 and \$73,100 for the six months ended June 30, 2022 and 2021, respectively. The increase was due to granting equity compensation.

Research and development costs were \$729,105 and \$110,372 for the six months ended June 30, 2022 and 2021, respectively. The increase was due to an increase in research and development employee compensation; and on research and development costs incurred by our Chinese subsidiary.

Professional fees were \$535,207 during the six months ended June 30, 2022 compared to \$457,475 during the six months ended June 30, 2021. The increase in professional fees mainly resulted from the pending litigation compared to the prior period.

General and administrative expenses of \$1,720,216 incurred during the six months ended June 30, 2022 primarily consisted of stock-based compensation of \$456,750, salaries of \$469,934, rent of \$237,045, insurance expense of \$258,494, and depreciation expense of \$82,062. General and administrative expenses of \$865,120 incurred during the six months ended June 30, 2021 primarily consisted of stock-based compensation of \$213,675, salaries of \$261,751, insurance expense of \$135,144, depreciation expense of \$80,872, and rent of \$32,590.

Other Income

During the six months ended June 30, 2022 and 2021, we incurred total other income of \$198,982 and \$220,067, respectively. The decrease in other income was due to SBA PPP forgiveness loan and cancellation of debt in the current period. The majority of the other income was incurred from lease payments from tenants at our facility in Ontario, California. Also of note, the market value of our facility has increased substantially due to the general rise in Southern California industrial real estate market conditions over the past 5 years.

Net Losses

During the six months ended June 30, 2022 and 2021, we incurred net losses of \$2,930,227 and \$1,162,661 respectively, due to the factors discussed above.

Liquidity and Capital Resources

Working Capital

	June 30, 2022	December 31, 2021
Current Assets	\$ 7,339,735	\$ 9,214,340
Current Liabilities	(314,283)	(571,442)
Working Capital	<u>\$ 7,025,452</u>	<u>\$ 8,642,898</u>

Cash Flows

The table below, for the periods indicated, provides selected cash flow information:

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Net cash used in operating activities	\$ (1,749,492)	\$ (964,297)
Net cash used in investing activities	(267,537)	–
Net cash provided by financing activities	–	1,762,407
Effect of exchange rate	(1,228)	–
Net change in cash	<u>\$ (2,018,257)</u>	<u>\$ 798,110</u>

Cash Flows from Operating Activities

Our net cash outflows from operating activities of \$1,749,492 for the six months ended June 30, 2022 was primarily the result of our net loss of \$2,930,227 and changes in our operating assets and liabilities offset by the add-back of non-cash expenses. The change in operating assets and liabilities includes an increase in accounts receivable of \$47,454, an increase in accounts receivable – related party of \$73,094, an increase in inventories of \$7,752, a decrease in other receivable of \$13,057, a decrease in prepaid expense of \$103,083, an increase in deposit of \$4,008, a decrease in operating lease right-of-use asset of \$190,790, an decrease in accounts payable and accrued liabilities of \$106,104, a decrease in other current liabilities of \$17,135, an increase in customer deposit of \$6,131, a decrease in lease liabilities of \$60,576, an increase in other liabilities of \$14,736. Non-cash expense included add-backs of \$57,147 in bad debt expense, \$25,617 in reduction of inventory fair value adjustments, \$82,065 in depreciation expense, \$74,626 in unrealized loss on marketable equity securities, \$10,281 in realized gain on marketable securities, \$158,547 in gain on forgiveness of debt, \$692,920 in stock-based compensation - shares, and \$456,750 in stock option compensation.

Our net cash outflows from operating activities of \$964,297 for the six months ended June 30, 2021, was primarily the result of our net loss of \$1,162,661 and changes in our operating assets and liabilities offset by the add-back of non-cash expenses. The change in operating assets and liabilities includes a decrease in accounts receivable of \$40,219, an increase of accounts receivable – related party of \$5,016, a decrease in inventory of \$32,248, an increase in other receivables of \$2,400, an increase in prepaid expenses of \$98,821, a decrease in deposits of \$100,000, a decrease in operating lease right-of-use asset of \$23,553, an increase in accounts payable and accrued liabilities of \$32,400, a decrease in accounts payable – related party of \$17,471, an increase in other current liabilities of \$164, a decrease in customer deposits of \$52,751, and a decrease lease liabilities of \$25,228. Non-cash expense includes add-backs of \$5,749 in bad debt expense, \$1,329 in inventory reserve reductions, \$80,872 in depreciation expense, \$151,500 in gain on forgiveness of debt, \$24,000 in stock-based compensation, and \$213,675 in stock option compensation.

We expect that cash flows from operating activities may fluctuate in future periods as a result of a number of factors, including fluctuations in our net revenues and operating results, utilization of new revenue streams, in line with our shifting revenue streams, collection of accounts receivable, and timing of billings and payments.

Cash Flows from Investing Activities

For the six months ended June 30, 2022 we had cash outflow from investing activities of \$267,537. That was primarily the result from the purchase of property and equipment of \$39,702, purchase of marketable securities of \$708,359, and proceeds from sales of marketable securities of \$480,524. There were no investing activities for the six months ended June 30, 2021

Cash Flows from Financing Activities

There were no financing activities for the six months ended June 30, 2022. For the six months ended June 30, 2021, cash inflows of \$1,762,407 were due to proceeds of SBA loans of \$267,297, payment of an SBA loan of \$227, proceeds from bank loan of \$1,500,000, and repayment of the bank loan of \$4,663.

Going Concern

In the long term, the continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to repay its debt obligations, to obtain necessary equity financing to continue operations, and the attainment of profitable operations. For the six months ended June 30, 2022, the Company had a net loss of \$2,930,227 and negative cash flow from operating activities of \$1,749,492. With a January 1, 2022 beginning cash amount of \$8,678,665, the Company will have enough cash to cover its projected annual cash burn rate of \$3,152,618 which is an increase from the previous year. This is a result of coming off of a year where the company completed an uplisting transaction causing a greater than normal amount of expenditure, especially in professional service fees. Overall, the Company has adequate cash for the Company to continue operation as a going concern throughout 2022 without any additional capital raise. As a result, the previous factors raising substantial doubt to continue as a going concern have been alleviated for the following year.

Off-Balance Sheet Arrangements

As of June 30, 2022, we did not have any off-balance-sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation SK.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a15(e) and 15d15(e) under the Securities and Exchange Act of 1934, at the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded as of the evaluation date that our disclosure controls and procedures were effective such that the material information required to be included in our Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to our Company, particularly during the period when this report was being prepared.

Our management concluded we did not maintain effective controls over the Company's financial reporting. The material weaknesses in our internal control over financial reporting, caused principally by inadequate staffing and technical expertise in key positions, resulted in overly relying on outside consultants to make numerous adjustments to our financial statements. Additionally, the significant deficiencies or material weaknesses could result in future material misstatement of the consolidated financial statements that would not be prevented or detected. Management has concluded that the identified control deficiencies constitute a material weakness.

Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Internal Controls

Disclosure controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving an entity's disclosure objectives. The likelihood of achieving such objectives is affected by limitations inherent in disclosure controls and procedures. These include the fact that human judgment in decision-making can be faulty and that breakdowns in internal control can occur because of human failures such as simple errors or mistakes or intentional circumvention of the established process.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We were not subject to any new legal proceedings during the six months ended June 30, 2022 and there are currently no new legal proceedings, to which we are a party, which could have a material adverse effect on our business, financial condition or operating results.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

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

No shares or common stock were sold during the six months ended June 30, 2022.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

No senior securities were issued and outstanding during the six-month periods ended June 30, 2022 or 2021.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable to our Company.

ITEM 5. OTHER INFORMATION

Our common stock has been quoted on the OTCQB and on the OTC Link since July 31, 2014 under the symbol "FCUV" and now trades on the Nasdaq Global Market under the same symbol "FCUV".

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits

The following financial information is filed as part of this report:

(a) (1) FINANCIAL STATEMENTS

(2) SCHEDULES

(3) EXHIBITS. The following exhibits required by Item 601 to be filed herewith are incorporated by reference to previously filed documents:

Exhibit Number	Description
10.1	Promissory Note with Chase Bank, dated March 10, 2021 for \$108,750 SBA Loan , as filed with the SEC on March 23, 2021.
10.2	Secured Promissory Note with East West Bank, dated January 8, 2021 for \$1,500,000 , as filed with the SEC on March 23, 2021.
10.3	Loan Agreement with Golden Sunrise Investment LLC, dated March 15, 2021 for \$1,500,000 , as filed with the SEC on March 23, 2021.
10.4	Company Guarantee Agreement with Golden Sunrise Investment LLC dated March 15, 2021 , as filed with the SEC on March 23, 2021.
10.5	Secured Promissory Note with Golden Sunrise Investment LLC dated March 15, 2021 for \$1,500,000 , as filed with the SEC on March 23, 2021.
31.1	Certification of CEO pursuant to Sec. 302
31.2	Certification of CFO pursuant to Sec. 302
32.1	Certification of CEO pursuant to Sec. 906
32.2	Certification of CFO pursuant to Sec. 906
101.INS	XBRL Instances Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

Focus Universal Inc.

Dated: August 12, 2022

By: /s/ Desheng Wang
Desheng Wang
Chief Executive Officer

Dated: August 12, 2022

By: /s/ Duncan Lee
Duncan Lee
Chief Financial Officer

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Desheng Wang, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q.
- 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) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure the material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation.
 - (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) 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 controls over financial reporting.

Date: August 12, 2022

By: /s/ Desheng Wang
Desheng Wang
Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Duncan Lee, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q.
- 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) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure the material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation.
 - (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) 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 controls over financial reporting.

Date: August 12, 2022

By: /s/ Duncan Lee
Duncan Lee
Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Focus Universal Inc. (the Company") on Form 10-Q for the period ended herein as filed with the Securities and Exchange Commission (the "Report"), I, Desheng Wang, Chief Executive Officer of the Company, certify, 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; and
- (2) The information contained in the Report fully presents, in all material respects, the financial condition and results of operations or the Company.

Date: August 12, 2022

By: /s/ Desheng Wang
Desheng Wang
Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Focus Universal Inc. (the Company") on Form 10-Q for the period ended herein as filed with the Securities and Exchange Commission (the "Report"), I, Duncan Lee, Chief Financial Officer of the Company, certify, 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; and
- (2) The information contained in the Report fully presents, in all material respects, the financial condition and results of operations or the Company.

Date: August 12, 2022

By: /s/ Duncan Lee
Duncan Lee
Chief Financial Officer