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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

or

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

For the transition period from _____ to _____

Commission file number 333-193087

FOCUS UNIVERSAL INC.

(Exact name of registrant as specified in its charter)

Nevada	**46-3355876**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

2311 East Locust Court, Ontario, CA	**91761**
(Address of principal executive offices)	(Zip Code)

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

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 Capital Market)

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

Title of each class
None

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

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

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

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

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

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

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

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

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

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

As of June 30, 2024, the aggregate market value of shares held by non-affiliates of the registrant (based upon the closing price of such shares on the Nasdaq Capital Market on December 31, 2024) was $8,047,937. For purposes of calculating the aggregate market value of shares held by non-affiliates, we have assumed that all outstanding shares are held by non-affiliates, except for shares held by each of our executive officers, directors and 5% or greater stockholders. In the case of 5% or greater stockholders, we have not deemed such stockholders to be affiliates unless there are facts and circumstances which would indicate that such stockholders exercise any control over our company, or unless they hold 10% or more of our outstanding common stock. These assumptions should not be deemed to constitute an admission that all executive officers, directors and 5% or greater stockholders are, in fact, affiliates of our company, or that there are not other persons who may be deemed to be affiliates of our company. Further information concerning shareholdings of our officers, directors and principal stockholders is included in Part III, Item 12 of this Annual Report on Form 10-K.

The number of shares outstanding of the registrant's common stock, $0.001 par value, outstanding as of January 31, 2025: 7,113,960.

All information in this Annual Report on Form 10-K or Annual Report, relating to shares or price per share reflects the 1-for-10 reverse stock split effected by us on January 31, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

None.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for our future operations. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including, but not limited to, the risks in the section entitled "Risk Factors" and the risks set out below, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- the uncertainty of profitability based upon our history of losses;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms;
- risks related to our international operations and currency exchange fluctuations; and
- other risks and uncertainties related to our business plan and business strategy.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on our forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States dollars (US$) and are prepared in accordance with United States Generally Accepted Accounting Principles. All references to "common stock" refer to the common shares in our capital stock.

As used in this Annual Report, the terms "we," "us," "our," the "Company" and "Focus Universal" mean Focus Universal Inc. unless otherwise indicated.

PART I

Item 1. BUSINESS

Company History and Background.

Focus Universal Inc. (the "Company," "we," "us," or "our") is a Nevada corporation. We are based in the city of Ontario, California, and were incorporated in Nevada in 2012. In December of 2013, we filed an S-1 registration statement that went effective on March 14, 2014. From March 14, 2014, through August 30, 2021, our securities traded on the OTCQB Market. From August 31, 2021, through January 27, 2022, our securities traded on the Nasdaq Capital Market. From January 28, 2022, to September 22, 2024, our securities traded on the Nasdaq Global Market. On September 23, 2024, our securities were transferred for trading to the Nasdaq Capital Market. We hold 28 patents and patents pending in various phases of the patent process.

We operate through multiple subsidiaries, including Perfecular Inc. ("Perfecular"), AVX Design and Integration, Inc. ("AVX") also doing business as Smart AVX, Focus Universal (Shenzhen) Technology Company LTD ("Focus Shenzhen"), and Lusher, Inc. ("Lusher").

Perfecular Inc. was founded in September 2009, 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, incorporated on June 16, 2000, in the state of California, is an IoT installation and management company specializing in high performance and easy to use audio/video systems, home theaters, lighting control, automation and integration systems for houses, apartments, commercial complexes, and office spaces. AVX also markets and sells our internet of things (IoT) products, such as high-end LED, and live wall panel products and cameras, under the Smart AVX name.

On December 23, 2021, we founded Focus Shenzhen in China for manufacturing procurement expertise and to support research and development activities. Focus Shenzhen is designed to function as a branch office accessing high level research and development support, and the ability to source products and build relationships with Chinese manufacturers.

On April 30, 2024, we founded Lusher Inc. to develop, market, and commercialize an automation financial reporting software called One Touch Financial.

In August of 2024, we decided to discontinue the operations of one of our subsidiaries AT Tech Systems LLC ("AT Tech"). AT Tech specialized in commercial and industrial smart IoT installation projects in areas throughout Southern California.

On November 29, 2024, we held our 2024 annual shareholders meeting, and the shareholders approved of an amendment to the Company's Articles of Incorporation to increase the number of authorized shares of the Company's common stock, par value $0.001 per share (the "Common Stock"), from 75,000,000 to 150,000,000.

On January 31, 2025, we effected a 10 for 1 reverse stock split of the Company's authorized stock and issued and outstanding shares of Common Stock by filing a Certificate of Change pursuant to pursuant to Nevada Revised Statutes ("NRS") Section 78.209. As a result of the reverse split, the Company is authorized to issue 15,000,000 common shares (the Company's authorized common shares were reduced in the same ratio (10-for-1) as its outstanding Common Stock shares were reduced).

Our principal executive offices are located at 2311 East Locust Court, Ontario, CA 91761. Our telephone number is (626) 272-3883, and our website is www.focusuniversal.com. Our website and the information contained therein, or connected thereto, are not intended to be incorporated into this Annual Report.

Our current focus is on commercializing our universal smart technology and financial reporting software. We plan to utilize our universal smart technology for smart meters and automation systems, which will be incorporated into IoT devices. To generate revenues, we will focus on product development, technological upgrades, technical service and customer data collection. We believe this technology has applications in several industries and have completed the development of a system for horticulture applications. Our financial reporting software is an artificial intelligence (AI) enabled software designed to aid accounting professional with the preparation of reports based on financial statements, such reports on Form 10-Q and Form 10-K. We intend to commercialize this product under a software as a service (SaaS) model.

Other than our financial reporting software, the technologies, products and services that we have developed, and are currently developing have significant applications on the IoT. The IoT refers to the overarching network created by billions of internet-compatible devices and machines that share data and information worldwide. As the sophistication of both hardware and software in the consumer electronics industry skyrockets, an increasing share of the electronic devices produced around the world are manufactured with internet connectivity. Forecasts suggest that by 2030, around 50 billion of these IoT devices will be in use worldwide, creating a massive web of interconnected devices spanning everything from smartphones to kitchen appliances. We believe that IoT will soon reach a critical limit; we do not have enough human labor and natural resources to support its growth. Fifty billion IoT devices will challenge existing resources. To address these challenges, we have segmented our operations and developed the technologies and products described below.

In addition to our universal smart technology and financial reporting software, we are current researching and developing the following:

Device on a Chip

We have developed an innovative “device on a chip” (“DoC”) technology, which combines the required electronic circuits of various integrated circuit components onto a single, integrated chip (“IC”). Our DoC technology works as a single component but is capable of handling entire IoT device functions (excluding sensors and architecture-specific components). Our DoC technology includes both the hardware and software, and decreases the number of interconnections between components. We believe that incorporating our DoC technology into our product offering, will simplify the manufacturing process, lowering our costs and allowing us to achieve a fast time-to-market. Our planned DoC technology allows devices to achieve interoperability with one another and to be interchangeable, both features where traditional IoT devices fall short.

Our research and development suggest that the existing IC integration in IoT devices is mainly focused on hardware-to-hardware integration, not incorporating software solutions. This lack of incorporating software under a common operating system, application software, and extra interface into ICs, limits IC integration to the component level. Software is a critical component in electronics, and the more tightly integrated the software, the better the power and performance. Software also adds an element of flexibility and allows multiple discrete ICs to be integrated into a single IC.

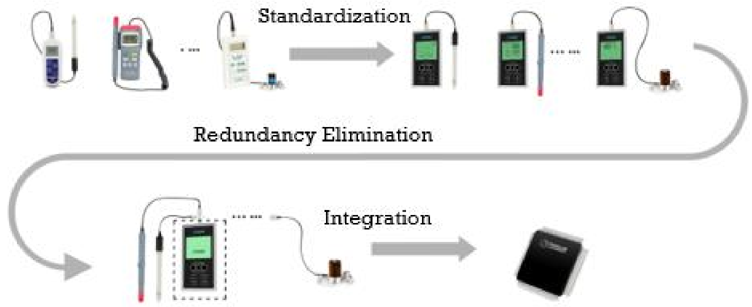

Figure 1. From USIP to device level integrated circuits ("IC").

5G Ultra-narrowband Technology

Fifth generation ("5G") telecommunications networks are expected to revolutionize the digital economy by enabling new applications that depend on ultra-fast communications on an industrial scale. 5G promises to deliver an improved end-user experience by offering new applications and services through gigabit speeds and significantly improved performance and reliability. A World Economic Forum report stated that by 2035 5G networks would contribute $13.2 trillion in economic value globally and generate 22.3 million jobs in the 5G global value chain from direct network investments and residual services[1]. 5G networks and their related applications are expected to add three million jobs and $1.2 trillion to the economy in the U.S. [2]

[1] World Economic Forum, January 2020 "The Impact of 5G: Creating New Value across Industries and Society," available at: http://www3.weforum.org/docs/WEF_The_Impact_of_5G_Report.pdf (last accessed March 6, 2023).

[2] https://www.marketsandmarkets.com/Market-Reports/power-line-communication-plc-market-912.html (last accessed on March 6, 2023).

Though 5G offers a significant increase in speed and bandwidth over previous generation telecommunication networks, its more limited range for high-speed internet will require further infrastructure investments. A 5G network requires spectrum across low, mid, and high spectrum bands to deliver widespread coverage and support a wide range of use cases[3].

High band, mmWave spectrum is used primarily for urban and dense urban markets. The characteristics of high band, mmWave spectrum is that it is very wide and provides a significant increase in capacity. Because of the greater spectrum width, speed is increased, and transmission latency is reduced. However, the drawback is that high-band spectrum does not propagate over a large coverage area. For example, a 28 GHz mmWave spectrum can only travel 500 feet.[10]

Low-band frequencies can travel long distances and penetrate buildings but can only carry a limited amount of data. High-band frequencies can carry a substantial amount of data, but due to their shorter wavelength, they travel shorter distances and are more susceptible to buildings and trees blocking the signal.[11]

[3] Horwitz, Jeremy (December 10, 2019). "The definitive guide to 5G low, mid, and high band speeds." VentureBeat online magazine (available at: https://venturebeat.com/2019/12/10/the-definitive-guide-to-5g-low-mid-and-high-band-speeds/ (Last accessed March 7, 2023)).

[4] Id.

[5] Id.

[6] Id.

[7] *See* "5G Rollout—Beyond the Hype." Parsons Cyber Blog, June 16, 2020 ("As a result, 5G base stations must be positioned as close as a third of a mile, whereas 4G base stations can provide coverage of 20 to 45 miles. This limitation becomes especially acute in more rural and/or remote areas, wherein 5G networks become impractical") (available at: https://www.parsons.com/2020/06/5g-rollout-beyond-the-hype/ (last accessed, March 7, 2023)).

[8] Id.

[9] https://www.t-mobile.com/business/resources/articles/benefits-of-the-5g-spectrum-for-businesses (last accessed March 7, 2023).

[10] https://dgtlinfra.com/american-tower-5g-deployed-in-layers-different-spectrum-bands/ (last accessed March 7, 2023).

[11] https://www.md7.com/perspectives/infrastructure-challenges-of-5g-frequency/ (last accessed March 7, 2023).

Unlike 4G LTE, which operates on established frequency bands below 6GHz, 5G requires frequencies up to 300GHz. Wireless carriers still need to bid for the costly higher spectrum bands, as they build and roll out their respective 5G networks. Adding the hardware required for 5G networks can significantly increase operating expenses. According to THALES, total global spending on 5G is set to reach $620 billion by 2025.[12]

A typical 5G base station consumes up to twice or more power than a 4G base station. Energy costs increase at higher frequencies due to a need for more antennas and a denser layer of small cells. Edge computing facilities needed to support local processing and new IoT services will also add to overall network power usage.

Our ultra-narrowband (UNB) wireless communication 5G+ technology aims to achieve **both** low band 5G coverage and 1 Gbps high-band speed because we employ an ultra-narrow spectrum channel (<1kHz) to establish an ultra-long-distance link between the 5G base station and the receiver.

UNB allows for long-range coverage, making it an optimal low-power wide-area network solution for industrial IoT systems. Additionally, its ultra-high power spectral density creates endurance against interference and jamming, which enables the friendly coexistence of UNB on shared frequency bands. The narrower the bandwidth, the fewer occurrences of noise and interference entering the bandwidth. In addition, UNB's transmission of energy concentrates on ultra-narrowband width, resulting in a very high concentration of power in a very narrow frequency band.

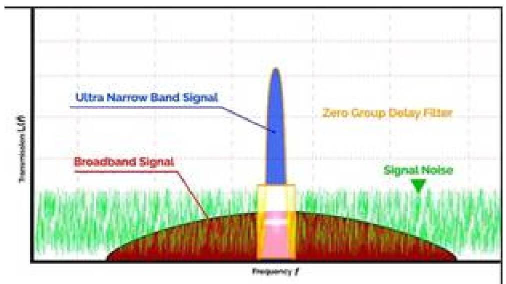

Figure 4. Comparison between Ultra-Narrowband and Broadband

We developed an ultra-narrowband technology that offers a potential alternative and/or complementary solution to the broadband technology used in 5G networks and meets the challenging 5G demands. A comparison of our ultra-narrowband technology with 4G and 5G is illustrated in the table below:

Technology	**Bandwidth**	**No. of subcarriers**	**Operating Frequency**	**Speed**	**Spectral**
	MHz		**GHz**	**Mbps**	**Bits/s/Hz**
4G	20	1200	6	4-60	6
5G	100	3276	Up to 300	40-1100	10
UNB (finished)	0.001	1	0.004	4	~4000
UNB (in development)	0.001	1	0.064	64-256	>4000

[12] THALES, Dec 29,2022, A 5G PROGRESS REPORT: LAUNCHES, SUBSCRIBERS, DEVICES & MORE, https://www.thalesgroup.com/en/worldwide/digital-identity-and-security/magazine/5g-progress-report-launches-subscribers-devices, (last accessed March 7, 2023)

As shown by the above table, our internal testing shows that our finished ultra-narrowband technology can achieve speeds of 4 Mbps per second at a bandwidth of less than 1000 Hz. The spectral efficiency of our finished technology has reached 4000 bits/sec/Hz. Development work of our ultra-narrowband technology is underway for speeds of 64 Mbps at a bandwidth of 64 MHz with spectral efficiency of over 4000 bits/sec/Hz.

Our internal testing suggests that a single 5G+ subcarrier wave has the potential to provide speeds of 64 to 256 Mbps. Moreover, multiple UNB subcarriers may be combined, which effectively increases bandwidth. Given anticipated data rates of 64 Mbps, we believe only 4 to 16 5G+ subcarrier waves would be needed to achieve the current 5G speeds, and just 40 to 160 5G+ subcarrier waves would be needed to achieve 6G speeds. By contrast, 5G technology requires 3,276 subcarrier waves to achieve its current speeds. Fewer subcarriers translate into cost savings because they are more compact and consume less energy. Our goal is to increase the speed of 5G networks while simultaneously reducing the number of subcarriers.

Our internal testing suggests that to achieve speeds of 1 Gbps, our 5G+ technology would only require bandwidths of 4 to 16 kHz, which is narrow enough to be operated in lower frequency spectrums. This would mean that 5G+ providers would not need to purchase the higher frequency spectrums required by 5G technology. Accordingly, a 5G+ provider would realize significant savings from not having to bid for costly higher spectrum band licenses. Operating in relatively lower frequency spectrum bands, when compared to 5G, also means that 5G+ would have a more extensive coverage area than that of 5G, in many cases three to ten times larger. It would also mean that we could reduce the number of subcarriers and reduce the overall costs of the 5G networks infrastructure.

Ultra-narrowband Power Line Communication ("PLC") Technology

Our patented PLC is 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 every residential, commercial, and industrial property. This makes PLC the most cost-effective, scalable interconnectivity approach for the backbone communication infrastructure required for 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 substantial investment and inconvenience of running dedicated network cables.

The power line network was not originally designed to function as a communication channel. 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. This is why 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 can transfer 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 blowers simultaneously when testing, and no significant interference was found. By comparison, a single hair dryer will render our competitors' 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.

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[14] "How much does it cost to build a 5G base station?" Phate Zhang, April 7, 2020, CNTechPost (available at: https://cntechpost.com/2020/04/07/how-much-does-it-cost-to-build-a-5g-base-station/ (last accessed March 7, 2023)).

Natural Integrated Programming Language ("NIPL")

We have developed a patented "user interface machine auto generation platform" ("UIMAGP") to replace manual software design. This platform is used to build IoT user interfaces. The natural integrated programming language we have developed is like the language humans use to communicate with each other, which makes it is easy for humans to learn, while still being understood by a machine. The UIMAGP simplifies the process of software programming by saving hundreds of lines of code into a micro code that can be saved to a sensor module. When that sensor module is plugged into a universal smart instrumentations platform (USIP), the user interface specification codes saved to the sensor module is sent to the platform and a universal display, such as a smartphone, a computer, or a display unit. The UIMAGP saved on the universal display automatically generates the user interface within milliseconds. An embedded coding hardware engineer can design sensor module hardware and provide the user interface specification code achieving the hardware-defining software.

The UIMAGP and user interface specification codes work collectively to perform the function of traditional customized software, enabling UIMAGP to be shared by the estimated 20 billion IoT devices worldwide,[15][16] a feat that to our knowledge, current manual software designs have not been able not achieve.

Universal Smart Instrumentation Hardware and Software Platform (USIP)

USIP is an advanced hardware and software integrated instrumentation platform with a large-scale modular design approach. USIP integrates technologies, including cloud technology, wired and wireless communication technology, software programming, instrumentation technology, artificial intelligence, PLC, sensor networking, and IoT technology into a single platform. This results in circuit designs that we believe are vastly cheaper and faster than those constructed of discrete integrated circuit components designed from scratch.

USIP has primary functionalities and an open architecture capable of incorporating a variety of individual instruments, functions, sensors, and probes from different industries and vendors into a single unit. With USIP, Instruments, sensors, or probes ranging from a few to several hundred or even thousands in any combination from various industries and vendors can share or reuse the same platform. Adding, removing, or changing instruments or sensors is all the platform requires to switch from one type of device to another without revising the software and redesigning the hardware. We believe our USIP will revolutionize the field of instrumentation, measurement, control, and automation.

The development of USIP is closely associated with the development and proliferation of computers and mobile devices that provide the foundation and technical support to the universal smart instrument such as an attractive graphical user touch screen interface, data processing and analysis capabilities, video and audio, cameras, GPS, ubiquitous wireless connectivity, artificial intelligence, cloud-based communications and a diverse number of functions and software available to users that are not contained in traditional instruments. These features embody the advantages of USIP, which are lacking in stand-alone instrument systems. When compared with traditional instrument systems, USIP's biggest advantage is cost savings. Other distinctive features include universality, interoperability, flexibility, compatibility, upgradeability, expandability, scalability, security, modularity, fast prototyping, reducing inventory, plug-and-play operation, remote accessibility, simplification, standardization, and cloud instrumentation.

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[15] Environmental Health Trust, https://ehtrust.org/science/reports-on-power-consumption-and-increasing-energy-use-of-wireless-systems-and-digital-ecosystem/, (last accessed March 7, 2023)

[16] Gartner Insights "Leading the IoT," available at: https://www.gartner.com/imagesrv/books/iot/iotEbook_digital.pdf (last accessed March 7, 2023).

We subdivide instruments into a reusable foundation component to the maximum extent possible, architecture-specific components, and sensor modules, which perform traditional instruments' functions at a fraction of their cost. For most instruments, 90% of the design, parts, and firmware are the same. These parts can be replaced by USIP.

USIP utilizes a computer or a mobile device as its display and control to communicate with a group of sensors, instruments, probes, or controllers manufactured by different vendors in a manner that requires the user to have little or no knowledge of their unique characteristics.

The portable version of USIP, is a universal device called Ubiquitor, is illustrated below. When a blood pressure sensor is plugged into the Ubiquitor, the user interface specification code saved on the blood pressure sensor is sent to the Ubiquitor, and a computer or smartphone will then generate the user interface for the blood pressure device based on the interface specification code saved in the sensor.

Figure 5. A blood pressure sensor is connected to our universal device, which we call the Ubiquitor, and changes our device into a blood pressure measurement instrument.

Similarly, if we remove the blood pressure sensor and connect our Ubiquitor to both a pH sensor and a CO_2 sensor, the Ubiquitor changes to a two-sensor device capable of measuring pH and CO_2 concentration. Each sensor has its own user interface automatically generated based on the user interface specification code saved in each sensor.

Figure 6. A pH sensor and a CO_2 sensor are connected to our universal device, and our device changes into a two-sensor device. A computer or smartphone can also be used for display.

As illustrated below, when a light sensor is also plugged into our Ubiquitor using a three-way splitter, the Ubiquitor becomes a three-sensor device.

Figure 7. A pH sensor, a CO2 sensor, and a light sensor are connected to the Ubiquitor , and the device changes into a three-sensor device. A computer or smartphone can also be used for display.

As illustrated in Figure 8, the Ubiquitor can connect any number of sensors in any combination.

Figure 8. Any number of sensors in any combination can be connected to the Ubiquitor and changed it into a multiple sensor device. A computer or smartphone can also be used for the display.

The Ubiquitor is a handheld, fully modular system with a universal sensor node and gateway system that uses a smartphone as the output display module that displays the readings of various probe modules. We implemented our Ubiquitor in the configuration pictured in Figure 9. This configuration demonstrates that the Ubiquitor simultaneously controls 27 light sensors, 21 pH sensors, and 23 temperature humidity sensors (which have 23 temperature sensors and 23 humidity sensors), representing one device controlling a total of 72 devices and 95 sensors. Our Ubiquitor also controls two lights in this configuration, which it can control by turning the lights on or off (including on a schedule) or by using a light sensor to control the lights' output intensity.

Figure 9. Our USIP simultaneously monitors and controls 72 different devices and 95 sensors.

To illustrate, the entire horticulture industry has only a few hundred devices from different vendors for various measurement and control purposes. One Ubiquitor and corresponding sensors or actuators can replace them all at a fraction of the cost. Leveraging the same technical principles discussed above, we can simplify the smart control and monitoring in this and related industries (including agriculture and aquaculture) with a platform that requires little design work for interoperability between sensors and control devices.

Figure 10. Traditional horticulture measurement and control devices.

Figure 11. Ubiquitor, Universal Smart Device.

All household measurement and control devices, such as air conditioner controls, swimming pool controls, garage door controls, sprinkler controls, lighting controls, and motorized curtain controls, can be replaced by a single Ubiquitor and accessories.

Figure 12. A single Ubiquitor can replace all these household control devices.

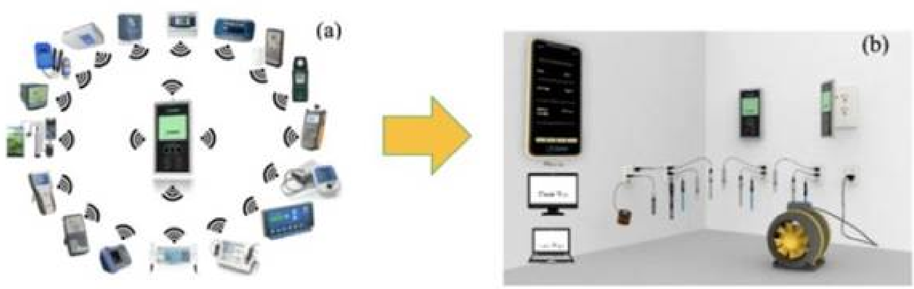

Figure 13. Comparison between (a) a traditional machine to machine IoT and (b) a shared distributed universal IoT, which depicts a USIP and sensors forming a local network through PLC technology. The platform communicates with the cloud to form a remote cloud-based system.

[17] Statista Report "Number of internet of things (IoT) connected devices worldwide in 2018, 2025 and 2030" available at https://www.statista.com/statistics/802690/worldwide-connected-devices-by-access-technology/ (last accessed March 7, 2023).

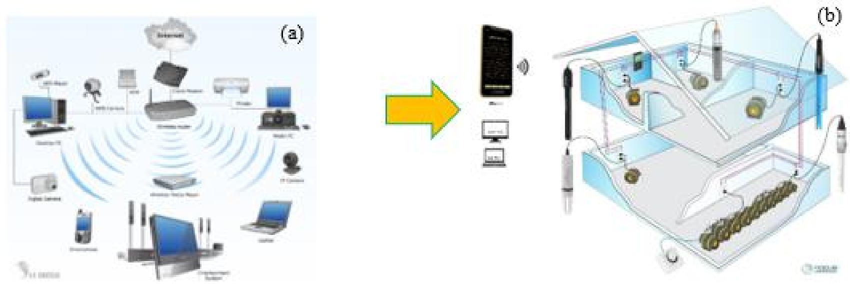

Figure 14. Comparison between (a) a traditional wireless network and (b) Focus Universal Inc.'s PLC network.

Product Line

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.

In an effort to continually develop our product lines, we plan to phase out the traditional, lower-margin products and are preparing to launch a new line of products that have been in development for several years. These newer technology products will be released in phases, and we intend that increasing amounts of technology will be layered upon these products. Additionally, we plan to continue to increase our efforts in protecting more intellectual property rights. We have developed products in both the controlled agriculture industry and home automation industries, taking advantage of our existing relationships in both sectors.

We are building a U.S. sales team to market our product lines. We have already begun marketing our current Smart AVX-branded large format multimedia touch screens, surveillance camera system (cameras and network video recorders (NVRs)), indoor and outdoor LED screens, and Focus Universal-branded VOIP phone service systems, both via our sales staff and the Internet.

Ubiquitor - Universal Smart Device

The initial, simplified version of universal smart IoT technology is our universal smart device, the Ubiquitor. The Ubiquitor's efficient and cost-effective approach to the cost of connected sensors is illustrated above. The Ubiquitor was first showcased at the Consumer Technology Association's CES 2024 trade show, which attracted significant interest from potential customers.

Smart Home Installation

Our Ubiquitor device will be used to offer residential customers an entire smart home product line. We have finished designing smart devices for lighting control, air conditioner control, sprinkler control, garden light control, garage door control, and heating control and are in the process of developing a swimming pool control device, smoke detector, and carbon monoxide monitor.

We believe smart installation based on the USIP, and our Ubiquitor together will include more functionalities than the current systems offered by our competitors. It is our goal that our smart systems would integrate, exchange data, interact and connect utilizing our forthcoming PLC technology. As a result, the installation process would be simplified, and its costs would be reduced.

The Ubiquitor will be central to our smart installation systems. The Ubiquitor's connectivity capabilities will allow our systems to be expanded and customized in the future.

Notwithstanding the foregoing, should we be unable to successfully integrate the Ubiquitor into our smart installations, the Ubiquitor will continue to be a flagship product of our Company that can be applied to various other industrial and commercial purposes.

In addition to the development of the universal smart IoT platform, Focus Universal has showcased the production model of Ubiqutors and scientific sensors developed by their team. These sensors include quantum photosynthetic active radiation sensors, TDS sensors, pH sensors, total dissolved oxygen sensors, pressure sensors, ORP sensors, temperature sensors, humidity sensors, carbon dioxide sensors, water level sensors, chlorine sensors, and turbidity sensors. These sensors are designed for use in agriculture, aquaculture, and the beverage industry. They are ready for marketing and have garnered significant interest at CES 2025 in Las Vegas. These sensors can be sold individually with Ubiquitors or bundled together to form an integrated IoT solution.

SEC Financial Reporting Software

Our subsidiary Lusher Inc. is developing and designing a software to streamline SEC financial reporting for financial reporting and tax firms. Currently, we have completed the SEC financial reporting software in a Microsoft Word format. Our team is focused on streamlining the entire SEC financial reporting process for SEC attorneys, PCAOB accounting firms, and other financial reporting professionals. Our goal is that with a single click, our software automatically retrieves financial data from external accounting systems and generates consolidated financial statements and SEC reports in WORD, PDF, HTML, and XBRL formats—all within just a few minutes. Our developers are trying to completely eliminate human involvement when it comes to manually updating the numbers. This automation is designed to create an error-free, seamless process. Focus Universal expect to showcase the software to public in 2024.

Strategy and Marketing Plan

The Company plans to market the USIP to the industrial sector first, including key growth industries such as indoor agriculture. Once the technology is established in that industry, the core technologies of universality and interoperability through a readily available device, such as a mobile device or smartphone, may be ported to products specifically intended for the consumer and residential markets.

While industrial markets are large, the consumer and residential markets are even more significant. This two-phase approach will allow for continuous and increasing revenue growth. Moreover, during the industrial phase of development, the Company will test and refine its products to ensure that they are ready for the consumer and residential markets.

We will continue to design, manufacture, market, and distribute our electronic measurement devices, such as temperature humidity meters, digital meters, quantum PAR meters, pH meters, TDS meters, and CO2 monitors. Over the years, Hydrofarm has developed a broad and loyal customer base that buys our existing products on a repeat basis. The universal smart technology has been applied to our existing traditional devices and demonstrated significant functional improvement and hardware cost savings. We believe hardware cost reductions of up to 90% have been achieved. However, promoting universal smart technology and universal smart IoT devices to our customers, including traditional instrument manufacturers, will be the central focus of our future business.

Our goals over the next three years include:

- Raise capital to move into full sales and marketing team for our Ubiquitor device and growing product lines;
- Partner with manufacturers and promote the adoption of our Ubiquitor device in a USIP;
- Acquire a stable market share of the sensor device market;
- Continue performing research and development on PLC technology;
- Focus on building our smart home offerings so that we can reduce the cost of smart home implementation to expand smart home installation and implementation beyond luxury homes;
- File additional patents to expand our intellectual property portfolio related to the many uses of our Ubiquitor device;
- Commercialize our financial reporting software under a SaaS model; and
- File patents to protect our PLC technology.

To achieve these goals, we intend to focus on the following initiatives:

- Position the Ubiquitor device as the industry standard in universal sensor reading technology;
- Establish strategic supply chain channels to facilitate efficient production operations; and
- Communicate the product and service differentiation through direct networking and effective marketing.

Growth Strategy

Growth through Mergers and Acquisitions

Mergers and acquisitions ("M&A") represent a significant part of our growth strategy because M&A can fill business gaps or add key business operations without requiring us to wait years for marketing and sales cycles to materialize. We have used this growth strategy in our acquisition of AVX, and in the future intend to continue to use M&A to find and secure opportunities that will either: (i) achieve the objective of growth in our market segments; or (ii) provide an area of expansion that will add to the Company's products and/or service lines in markets that we are currently not serving, but could serve if we had the appropriate expertise. The resulting combination of our existing products and services, new key personnel, and strategic partnerships through M&A will allow us to operate in new markets and provide new offerings to our existing market.

Acquiring key competitors may allow the addition of key personnel to our team. These additions may include people with vast industry knowledge, which can act as a catalyst to further our growth and lead to the development of new products and business lines. We will seek to target synergistic acquisitions in the same industry, targeting different geographic locations, which will allow us to actively compete on a regional or national scale in the IoT segment. If we target businesses in the same sector or location, we hope to combine resources to reduce costs, eliminate duplicate facilities or departments and increase revenue. We believe this strategy will allow for accelerated growth and maximize investor returns.

One of our key strategies to grow through M&A is to acquire smaller businesses that focus on IoT installation technology (industrial or residential) and in the USIP or PLC industries. In addition to providing potential adjacent technologies and other useful resources, these businesses also possess important distribution channels which would allow for distribution of our main products including the Ubiquitor. The company would also consider targets which would solely allow for distribution channels for our platforms or adjacent products.

Original Equipment Manufacturer ("OEM") Engineering Consulting and Design Services

Universal smart technology is new to most electronic engineers and manufacturers. One way to promote our universal smart technology is to provide direct OEM engineering design consulting services to potential industrial customers. Direct, on-site consulting will educate our industrial consumers on the many ways our technology can be implemented in a variety of industrial applications. We believe that we are well positioned to perform product design and engineering consulting services for future OEM customers. We believe we can operate as a seamless extension of our customers' engineering organizations and add scale, flexibility, and speed to their design processes. Through our engineering consulting services strategy, we intend to become our customers' engineering partner at all stages of their system design cycle so that we may effectively assist them in transforming ideas into production-ready products and accelerate time to market for our universal smart technology products.

Technology Licensing

We may also consider entering into licensing arrangements with our customers for our technology. We believe that once we educate our industrial consumers, they may want to integrate our universal smart technology into their own technology through licensing agreements. We believe licensing our intellectual property may provide a revenue stream with no additional overhead, all while allowing us to retain proprietary ownership and create long-term industrial consumers who rely on our products. By creating incentives, such as cost incentives, to license our IP rather than design their own technology, we believe potential customers could save on design costs and create business development opportunities. Licensing may also allow us to rely on the expertise, capacity, and skill of a licensee to commercialize our IP, which is especially valuable if we lack the infrastructure, financial resources, and know-how to bring a product to market independently.

Distribution Method

We intend to engage in relationships predominantly with standard U.S. component manufacturers and similar electronics providers for the manufacturing of unassembled parts of the Ubiquitor and its sensor nodes, and to then ship such parts to our Ontario, California facility where we assemble the Ubiquitor devices and sensor nodes. Afterwards, we intend to distribute our Ubiquitor devices to distributors and retailers directly and ship directly to traditional industrial instrument manufacturers. We have a sales department operating out of our Ontario, California office and eventually plan to open a second sales department in China dedicated to promoting our technologies to local instrument manufacturers who can utilize our Ubiquitor devices in their manufacturing and other processes. We intend to market the Ubiquitor to industrial end-users through direct business-to-business sales channels and also directly to consumers via e-commerce internet platforms. For our quantum light meters and air filtration products, we intend to implement a direct sales method via Amazon.com and other online retailers.

Raw Materials

The electronic components used in the Ubiquitor are common and can be easily purchased through a variety of suppliers with little advanced notice. We predominantly use large-scale manufacturers in the United States such as Texas Instruments and Intel for the major components. Other key suppliers we could consider include Analog Devices, Skyworks Solutions, Infineon, STMicroelectronics, NXP Semiconductors, Maxim Integrated, On Semiconductor, and Microchip Technology. Production and assembly lines are also available worldwide if we needed to outsource or increase our capacity, though we intend to complete our assembly in our Ontario, California facility.

Manufacturing and Assembly

We have an assembly facility in Ontario, California where we assemble the Ubiquitor from parts sourced predominantly in the United States. Our quantum light meters and handheld sensors are also manufactured in our Ontario, California facility. Our air filtration products are manufactured and assembled in China by a third-party contract manufacturer, Tianjin Guanglee.

Key Competitive Advantages and Opportunities and Strengths

Across the world, everyday internet connected devices are getting incorporated in tandem, including thermostats, water meters, home alarms, kitchen gadgets, medical equipment, factory machinery and even vehicles. Collectively, this ecosystem represents the next frontier in the digital revolution. Unlike the simple automation of machinery, IoT is mobile and virtual, and features continuous Internet connectivity. IoT can help companies increase productivity, cut costs, offer new products and services, and deploy new business models.

Despite this forward technological momentum, a sector-wide study conducted by Cisco showed that 60 percent of IoT initiatives stalled at the very-early Proof of Concept (PoC) stage and only 26% of companies have had an IoT initiative that they considered a complete success. Herein lies both the key advantage of the platforms of the Company and the opportunities and strengths. Our combined platforms are able to eliminate redundant work and production costs in the early stage development in the IoT sector, whereby project developers do not need to begin from scratch each time they develop a new IoT product, eliminating a significant part of their workload.

Competitors

Sensor Node Industry

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

Hach developed and launched the SC1000 Multi-parameter Universal Controller, a probe module for connecting 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 may be a concern. In addition to purchasing the device, consumers usually have to pay a monthly fee for using web-based services.

IoT Installation Industry

There are several companies that compete with AVX in smart home installations, including Vivint Smart Home, Crestron and Control4. However, we believe we can distinguish ourselves from our competitors by offering a substantially lower price. An installation by Crestron ranges between $20,000 and $100,000 and by Control4 between $20,000 and $40,000. The cheapest competitor we can identify in this sector is Vivint Smart Home, which costs less than $5,000 to install; however, we understand that the Vivint Smart Home focuses on security systems only and that users have no other smart applications, which our smart home product line would include.

Air Filtration Systems and Meter Products Industry

The air filtration system and meter products industry is a niche industry. The global industrial air filtration market was valued at $23.83 billion by 2029 and analysts expect it to register a CAGR of 7.2% because of the industrial need to control air quality across a range of industries. Air purification methods are an effective way to control contaminants and improve indoor air quality and as a result, many national and local governments overseeing indoor air quality and other emissions are enacting stricter workforce health and safety regulations in this area, which drives demand.

We are not trying to compete with traditional instruments or device manufacturers because we plan to utilize our Ubiquitor device in conjunction with our smartphone application. We believe the resulting product may compete in a much wider product category due to its many potential applications.

Patent, Trademark, License and Franchise Restrictions and Contractual Obligations and Concessions

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 had issued an Issue Notification for U.S. Patent Application No. 9924295 entitled “Universal Smart Device,” which covers a patent application regarding the Company’s Ubiquitor. The patent was granted on March 20, 2018.

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

On November 29, 2019, the Company filed an international utility patent application through the patent cooperation treaty as application PCT/US2019/63880, titled “System and Method of Power Line Communication.” 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 International Property Organization report cited only three category “A” documents, indicating that the Company’s application met both the novelty and non-obviousness patentability requirements. The Company has since obtained two patents based on this patent application—U.S. Patent Nos. 11546017 and 11984942, issued January 3, 2023 and May 14, 2024, respectively. 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.

On May 19, 2021, we filed thirteen provisional patent applications with the USPTO that we had been researching and developing for years, encompassing a broad spectrum of technology areas including sensor technology, wired and wireless communications, power line communications, computer security, software solutions, interconnected technological communications, smart home systems and methods for both home and hydroponic areas, dynamic password cipher, local file security, payment card security, infrared sensor, and a method and apparatus for high data rate transmission.

In addition, the Company’s patent number 11,488,468 was allowed and subsequently issued on November 1, 2022. The patent, titled Sensor for Detecting the Proximity of an IEEE 802.11 Protocol Connectable Device.

On April 3, 2023, the United States Patent and Trademark Office (“USPTO”) issued an Issue Notification for U.S. Patent No. 11580558 entitled “Dynamic Anti-Counterfeit System and Method.” The USPTO also issued an Issue Notification for U.S. Patent Application No. 11546017 entitled “System and Method of Power Line Communication.” Both patents cover patent applications regarding the Company’s PLC business.

In 2024, we retained the law firm of Dority & Manning, P.A. to serve as outside intellectual property counsel for the Company. With the help of Dority & Manning, we are maintaining existing patent rights and have improved the sustainability of our patent portfolio by filing omnibus continuation-in-part applications to maintain intellectual property rights where possible. We filed 3 patents in 2023, and 4 patents in 2024, which would all be classified as omni-bus patents encompassing more patents consolidating the patent portfolio into a more manageable size in order to reduce budget.

Research and Development Activities

For the year ended December 31, 2024, we spent a total of $1,381,937 on research and development activities; and for the year ended December 31, 2023, we spent a total of $1,324,438. A significant portion of our research and development activities are conducted in China by Focus Shenzhen.

Compliance with Environmental Laws

We are not aware of any environmental laws that have been enacted, nor are we aware of any such laws being contemplated for the future, that impact issues specific to our business.

Employees

As of the date of this report we have a total of 46 employees, with 46 full-time employees. The Company's Chief Executive Officer and Secretary is Dr. Desheng Wang, and our Chief Financial Officer is Irving Kau. We have 34 full-time electrical and computer engineers working on the research and development of our products. We have six full-time marketing employees and three full-time employees are working on administrative tasks. We also have a full-time accounting manager/controller. We are looking to onboard a Chief Operations Officer in the near future.

Reports to Securities Holders

We provide an annual report that includes audited financial information to our shareholders. We make our financial information equally available to any interested parties or investors through compliance with the disclosure rules for a small business issuer under the Exchange Act. We are subject to disclosure filing requirements including filing Form 10-K annually and Form 10-Q quarterly. In addition, we will file Form 8-K and other proxy and information statements from time to time as required. We do not intend to voluntarily file the above reports in the event that our obligation to file such reports is suspended under the Exchange Act. The public may read and copy any materials that we file with the Securities and Exchange Commission at the SEC's Public Reference Room at 100 F Street NE, Washington, DC 20549.

The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. RISK FACTORS

Risks Related to our Business and Industry

We have a history of operating losses and going concern basis, and we may not be able to sustain profitability.

We were incorporated on December 4, 2012; and as of December 31, 2024, we had an accumulated deficit of $25,782,308. Our current liquidity position raises substantial doubt about our ability to continue as a going concern. The Company has assessed its ability to continue as a going concern for a period of one year from the date of the issuance of these consolidated financial statements. The Company has a net loss of $3,200,138 and $4,718,142 for the years ended December 31, 2024 and 2023, respectively. In addition, the Company had an accumulated deficit of $25,782,308 and $22,582,170 as of December 31, 2024 and 2023, respectively, and negative cash flow from operating activities of $4,656,754 and $3,528,762 for the years ended December 31, 2024 and 2023, respectively. If we are not successful in growing revenues and controlling costs, we will not achieve profitable operations or positive cash flow, and even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

We require significant funding to develop, manufacture and market our Ubiquitor wireless sensor.

We may ultimately require up to $20 million to fund the development, manufacturing, assembly and marketing strategy for the Ubiquitor. Once we achieve this fund-raising goal, we intend to position ourselves in the small device market, establishing the price at below a few hundred dollars. Due to superior functionality and low price, we expect to capture this section of the market easily. Once our product and service mature, and the Company becomes better known, we believe we could gain market share in the high-end market. None of this will be possible if we fail to obtain the funding we require. There is no guarantee that additional funding can be obtained on favorable terms, if at all.

We depend on key personnel.

Our future success will depend in part on the continued service of key personnel, particularly, Desheng Wang, our Chief Executive Officer, and Edward Lee, the Chairman of our Board.

If any of our directors and officers choose to leave the company, we will face significant difficulties in attracting potential candidates for replacement of our key personnel due to our limited financial resources and operating history.

Regulatory actions could limit our ability to market and sell our products.

Many of our products and the industries in which they are used are subject to U.S. and foreign regulation. Government regulatory action could greatly reduce the market for our Ubiquitor device and for smart home installation. For example, the power line grid, which is the communications grid that could be used by some of our products, is subject to special regulations in North America, Europe and Japan. In general, these regulations limit the ability of companies such as ours to use power lines as a communication medium. In addition, some of our competitors have attempted or may attempt to use regulatory actions to reduce the market opportunity for our products or to increase the market opportunity for their own products.

We outsource our product manufacturing and are susceptible to problems in connection with procurement, decreasing quality, reliability and protectability.

We assemble our Ubiquitor devices by using fully manufactured parts, the manufacturing of which has been fully outsourced. We have no direct control over the manufacturing processes of our products. This lack of control may increase quality or reliability risks and could limit our ability to quickly increase or decrease production rates.

We outsource the manufacturing of key elements of our quantum light meters and air filters to a single manufacturing partner, with whom we do not have a formal contractual relationship.

We outsource the manufacture of our quantum light meter and air filtration devices to a single contract manufacturer, Tianjin Guanglee Technologies Ltd. (“Tianjin Guanglee”). If Tianjin Guanglee’s operations are interrupted or if Tianjin Guanglee is unable to meet our delivery requirements due to capacity limitations or other constraints, we may be limited in our ability to fulfill new customer orders, and we may be required to seek new manufacturing partners in the future. Tianjin Guanglee has limited manufacturing capacity, is itself dependent upon third-party suppliers and is dependent on trained technical labor to effectively create components making up our devices or to repair special tooling. In addition, as of the date of this report, we do not have a formal development and manufacturing agreement that regulates our business relationship with Tianjin Guanglee. Although we continue to operate under the terms of an oral agreement, and we believe there are a multitude of manufacturers that could quickly replace Tianjin Guanglee, our manufacturing operations could be adversely impacted if we are unable to enforce Tianjin Guanglee’s performance.

Our potential inability to adequately protect our intellectual property during the outsource manufacturing of our quantum light meters and filtration products in China could negatively impact our performance.

In connection with our manufacturing outsourcing arrangements, we rely on third-party manufacturers to implement customary manufacturer safeguards onsite, such as the use of confidentiality agreements with employees, to protect our proprietary information and technologies during the manufacturing process. However, these safeguards may not effectively prevent unauthorized use of such information and technical knowhow or prevent the manufacturers from retaining them. We face risks that our proprietary information may not be afforded the same protection in China as it is in countries with more comprehensive intellectual property laws, and local laws may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights in China, and failure to obtain or maintain intellectual property or trade secret protection could adversely affect our competitive business position. If the third-party manufacturers of our proprietary products misappropriate our intellectual property, our business, prospects and financial condition could be materially and adversely affected.

Our business operations in China may negatively affect our ability to protect our intellectual property and our financial position.

On December 31, 2021, we set up a branch office in mainland China. Historically, China has not protected intellectual property rights to the same extent as the United States, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorized use is difficult. The measures we take to protect our intellectual property rights may not be adequate. Any unauthorized use of our intellectual property rights could harm our competitive advantages and business. Furthermore, the application of laws governing intellectual property rights in China is uncertain and evolving and could involve substantial risks to us. If we are unable to adequately protect our intellectual property rights, we may lose these rights and our business may suffer materially. Moreover, the complexities that arise from operating in a different tax jurisdiction inevitably led to an increased exposure to international taxation. Should review of our tax filings result in unfavorable adjustments, our operating results, cash flows, and financial position could be materially and adversely affected.

The size and future growth in the market for our Ubiquitor device or our PLC technology has not been established with precision and may be smaller than we estimate, possibly materially. If our estimates and projections overestimate the size of this market, our sales growth may be adversely affected.

Our estimates of the size and future growth in the market for our Ubiquitor device or our PLC technology is based on several internal studies, reports and estimates. In addition, our internal estimates are based on current feedback from clients using current generation technology and our belief is that the use and implementation of our technologies in the United States and worldwide will be extensive. While we believe we are using effective tools in estimating the total market for Ubiquitor device or our PLC technology, these estimates may not be correct and the conditions supporting our estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. The actual demand for our products or competitive products, could differ materially from our projections if our assumptions are incorrect. As a result, our estimates of the size and future growth in the market for the Ubiquitor device or our PLC technology may prove to be incorrect. If the demand is smaller than we have estimated, it may impair our projected sales growth and have an adverse impact on our business.

If we are unable to properly forecast future demand of our products, our production levels may not meet demands, which could negatively impact our operating results.

Our ability to manage our inventory levels to meet our customer’s demand for our products is important for our business. Our production levels and inventory management are based on demand estimates six to twelve months forward considering supply lead times, production capacity, timing of shipments, and dealer inventory levels. If we overestimate or underestimate demand for any of our products during a given season, we may not maintain appropriate inventory levels, which could negatively impact our net sales or working capital, hinder our ability to meet customer demand, or cause us to incur excess and obsolete inventory charges.

Demand for our Ubiquitor product may be affected by new entrants who copy our products and/or infringe on our intellectual property.

The ability to protect and enforce intellectual property rights varies across jurisdictions. An inability to preserve our intellectual property rights may adversely affect our financial performance. Competitors and others may also initiate litigation to challenge the validity of our intellectual property or allege that we infringe their intellectual property. We may be required to pay substantial damages if it is determined our products infringe on their intellectual property. We may also be required to develop an alternative, non-infringing product that could be costly and time-consuming, or acquire a license on terms that are not favorable to us. Protecting or defending against such claims could significantly increase our costs, divert management's time and attention away from other business matters, and otherwise adversely affect our results of operations and financial condition.

Internal system or service failures, including as a result of cyber or other security incidents, could disrupt business operations, result in the loss of critical and confidential information, and adversely impact our reputation, our business, financial condition, results of operations and cash flows. Our connected products potentially expose our business to cybersecurity threats.

Some of our products connect to the internet and potentially expose our business to cybersecurity threats. Global cybersecurity threats and incidents can range from uncoordinated individual attempts to gain unauthorized access to our systems to sophisticated and targeted measures known as advanced persistent threats directed at our products, our customers and/or our third-party service providers, including cloud providers. There has been an increase in the frequency and sophistication of cyber and other security threats we face, and our customers are increasingly requiring cyber and other security protections and standards in our products, and we may incur additional costs to comply with such demands.

The potential consequences of a material cyber, or other security incident include financial loss, reputational damage, negative media coverage, litigation with third parties, which in turn could adversely affect our competitiveness, business, financial condition, results of operations and cash flows.

Our sensor segment is subject to risks associated with operations as we diversify away from a single dominant customer.

While in the past we were subject to volatility as a result of having only one dominant customer, diversification away from a single customer also poses some risks associated with the migration, While the company will possess more revenues streams, the migration away from a single steady customer poses risks as we begin to build new relationships. Along with new marketing efforts, we need to continue to cater to the needs of these new customers or the business may fluctuate or vanish.

Our air filtration business segment could experience price fluctuations in raw materials, availability problems, and volatile demand.

The principal raw materials that we use are filter media, activated charcoal, perforated metal sheet, and certain other petroleum-based products, like plastics, rubber, and adhesives. Our cost of filter media can experience price fluctuations. Larger competitors can enter selective supply arrangements with major suppliers that reduce medium-to-long-term volatility in costs. We cannot guarantee purchases in the volume that justifies such selective supply arrangements. Thus, we could be subject to price volatility.

Prices and availability for the electronic parts and plastics we need to assemble the Ubiquitor could fluctuate.

The principal raw materials that we use for our Ubiquitor device are standard industrial electronics parts and plastics that are generally easily available through a variety of U.S. domestic and foreign manufacturers. Such raw materials can experience price fluctuations due to a variety of factors, such as tariffs, import/export fees and delays, and availability. If there is scarcity, then larger competitors could be given purchasing priority with major suppliers that could make it so smaller companies like us experience volatility in costs and/or availability issues. We expect added volatility as new import tariffs may be imposed on imports from China, Mexico and Canada. Because this is a recent development, we have not been able to fully assess this risk or its effects in the manufacturing and import of our products. Also, since we have not yet manufactured in large numbers, our management team might not have the expertise to mitigate such price fluctuations or availability concerns. Thus, suppliers could stop selling to us because of demand. Even though it is possible to find alternative suppliers, changing to new suppliers could delay production and affect the quality of certain products, and there is no guarantee that new tariffs will not be levied upon goods imported from such new suppliers.

Changes in tariffs, import or export restrictions, Chinese regulations or other trade barriers may reduce gross margins.

We currently source products from manufacturers in China, including digital, analog, and quantum light meters, filtration products and certain components for our Ubiquitor device. Currently, the prices we offer to Hydrofarm are FOB (Free on Board) China. Only the cost of delivering the goods to the nearest port is included and Hydrofarm is responsible for the shipping from China and responsible for all other fees, including tariffs, associated with delivering the goods to the ultimate destination. If Hydrofarm changes the term to CIF (Cost, Insurance, and Freight) United States, then we would be responsible for the shipping costs and the tariff costs, which may reduce our gross margin, specially now that new tariffs may be imposed on goods imported from China. Thus, we may incur increases in costs due to changes in tariffs, import or export restrictions, other trade barriers, or unexpected changes in regulatory requirements, any of which could reduce our gross margins. Moreover, volatile economic conditions may impact the ability of our suppliers to make timely deliveries; and if a supplier fails to make a delivery, there is no guarantee that we will be able to timely locate an alternative supplier of comparable quality at an acceptable price.

Since the beginning of 2025, the U.S. has taken executive orders to increase tariffs against imports from Chinese, Mexican and Canadian goods, but it is difficult to determine at this time if more tariffs will be imposed on goods imported from other countries. It is difficult to anticipate the impact on our business caused by the increased tariffs or whether additional changes in tariffs will materialize in the future. Given the relatively fluid regulatory environment in China and the United States, there could be additional tax, tariffs, or other regulatory changes in the future, and China could retaliate against the tariffs recently imposed by the U.S. Any such changes could directly and materially adversely impact our business, financial condition, and operating results.

Our failure to respond to rapid change in the technology markets could cause us to lose revenue and harm our competitive position.

Our future success will depend significantly on our ability to develop and market new products that keep pace with technological developments and evolving industry standards for technology. We are currently developing products, including our Ubiquitor device, universal smart monitors, and controllers, distributed shared universal smart home products, and smart products for the gardening industry, for MacOS, PC, as well as mobile operating systems such as Android and iOS, that transmit data over Wi-Fi signals, cellular signals, Bluetooth, certain power line systems, traditional wired systems, and other radio frequency systems that enable data transmission. Our delay or failure to develop or acquire technological improvements, adapt our products to technological changes or provide technology that appeals to our customers may cause us to lose customers and may prevent us from generating revenue which could ultimately cause us to cease operations.

Our business depends on our ability to keep manufacturing costs low; and we may lack the expertise necessary to negotiate and maintain favorable pricing, supply, business and credit terms with our potential vendors.

It may be difficult to negotiate or maintain favorable pricing, supply, business or credit terms with our potential vendors, suppliers and service providers. In addition, product manufacturing costs may increase if we fail to achieve anticipated volumes. There can be no assurance that we will be able to successfully manage these risks. In summary, we can offer no assurance that we will be able to obtain a sufficient (but not excess) supply of products on a timely and cost-effective basis. Our failure to do so would lead to a material adverse impact on our business.

Since wireless networks are susceptible to interference and other limitations, and one advantage of our Ubiquitor device and our USIP platform is that it can connect to wireless networks as one way to transmit data, wireless network limitations may reduce the competitive advantage of the Ubiquitor and USIP platform in the marketplace.

Our Ubiquitor and USIP platform relies on both wired and wireless networks to transmit data, which is a major advantage of the Ubiquitor device and the USIP platform. Wireless networks allow multiple users to access large amounts of information without the hassle of running wires to and from each IoT device. However, wireless networks have technological limitations and there are several disadvantages that our Ubiquitor device may face when using a wireless network. Wireless networks are typically expensive; it can cost up to four times more to set up a wireless network than to set up a wired network. The range of a wireless network is limited, and a typical wireless router will only allow individuals located within 150 to 300 feet to access the network. Wireless networks are extremely susceptible to interference from radio signals, radiation, and other similar types of interference. Such interference may cause a wireless network to malfunction. Wireless networks can be accessed by any IoT device within range of the network's signal so information transmitted through the network (including encrypted information) may be intercepted by unauthorized users. Wireless networks are typically slower than wired networks, sometimes even up to 10 times slower. Walls and floors can seriously limit the range of your wireless network. Since wireless networks have severe limitations, these limitations may reduce the competitive advantage that the Ubiquitor provides in the marketplace which might prevent widespread adoption.

Demand for our products is uncertain and depends on our currently unproven ability to create and maintain superior performance.

Our future operating results will depend upon our ability to provide our products or services and to operate profitably in an industry characterized by intense competition, rapid technological advances, and low margins. This, in turn, will depend on several factors, including:

- Our ability to generate significant sales and profit margin from the Ubiquitor device;
- Worldwide market conditions and demand for sensor devices and other products we may continue to add as we move forward;
- Our success in meeting targeted availability dates for our products and services;
- Our ability to develop and commercialize new intellectual property and to protect existing intellectual property;
- Our ability to maintain profitable relationships with our distributors, retailers and other resellers;
- Our ability to maintain an appropriate cost structure;
- Our ability to attract and retain competent, motivated employees;
- Our ability to comply with applicable legal requirements throughout the world; and
- Our ability to successfully manage litigation, including enforcing our rights, protecting our interests, and defending claims made against us.

These factors are difficult to manage, satisfy and influence and we cannot provide any assurance that we will be able to generate significant demand for and sales of our products.

The Ubiquitor device could fail to gain traction in the marketplace for several reasons that would adversely impact our financial results and cause our investors to lose money.

Future rollout of the Ubiquitor entail numerous risks such as:

- Any lack of market acceptance of the Ubiquitor;
- Failure to maintain acceptable arrangements with product suppliers, particularly considering lower than anticipated volumes;
- Manufacturing, technical, supplier, or quality-related delays, issues, or concerns, including the loss of any key supplier or failure of any key supplier to deliver high quality products on time;
- Competition;
- Potential declines in demand for sensor devices; and
- Risks that third parties may assert intellectual property claims against our products.

To compete successfully, we must accurately forecast demand, closely monitor inventory levels, secure quality products, continuously drive down costs, meet aggressive product price and performance targets, create market demand for our brand and hold sufficient, but not excess, inventory.

Our Ubiquitor device greatly depends on the growth and adoption of the IoT market, and other next-generation internet and smartphone-based applications.

The Internet may ultimately prove not to be a viable commercial marketplace for IoT applications for several reasons, including:

- unwillingness of consumers to shift to and use other such next-generation Internet-based, smartphone-assisted applications;
- refusal to purchase our products and services;
- perception by end-users with respect to the quality of our wireless sensors in an industry historically dominated by wired sensors; competition;
- inadequate development of smartphone infrastructure to keep pace with increased levels of use; and
- increased government regulations in a relatively unregulated marketplace.

There is a risk that the market will not adapt to using the smartphone readout as a substitute platform for sensor devices, causing our products to fail in the marketplace.

Most products on the small sensor device market do not currently use smartphones to collect and analyze sensor data. There is no guarantee that using smartphone technology will cut production costs and be well received. If our USIP using smartphone technology is not well received, there is a risk that device manufacturers will develop new monitoring and operating components that are incompatible with our current platform instead of developing the traditional sensors that are compatible with our technology. Updating our platform to stay compatible with new components could increase our costs unexpectedly.

Using wireless transmission technologies such as Wi-Fi and Bluetooth may create security risks.

There is also a risk of failure based on the wireless transmission of data used by our smartphone platform. If there is instability in a wireless network, Bluetooth sensor, or other network problems that are out of our control, our new platform may not be well received. Our smartphone platform relies on the wireless transmission of data through Wi-Fi networks and Bluetooth sensors. These networks are often deemed less secure than a hard-wired network. The security of a wireless network is often out of our control. However, any breach of security could result in the market and sensor device manufacturers to fail to embrace our platform.

Our business involves the use, transmission and storage of confidential information, and the failure to properly safeguard such information could result in significant reputational harm.

We may at times collect, store, and transmit information of, or on behalf of, our clients that may include certain types of confidential information that may be considered personal or sensitive, and that are subject to laws that apply to data breaches. We believe that we take reasonable steps to protect the security, integrity, and confidentiality of the information we collect and store, but there is no guarantee that inadvertent or unauthorized disclosure will not occur or that third parties will not gain unauthorized access to this information despite our efforts to protect this information, including through a cyber-attack that circumvents existing security measures and compromises the data that we store. If such unauthorized disclosure or access does occur, we may be required to notify persons whose information was disclosed or accessed. Most states have enacted data breach notification laws and, in addition to federal laws that apply to certain types of information, such as financial information, federal legislation has been proposed that would establish broader federal obligations with respect to data breaches. We may also be subject to claims for breach of contract for such unauthorized disclosure or access, investigation and penalties by regulatory authorities and potential claims by persons whose information was disclosed. The unauthorized disclosure of information, or a cyber-security incident involving data that we store, may result in the termination of one or more of our commercial relationships or a reduction in client confidence and usage of our services. We may also be subject to litigation alleging the improper use, transmission, or storage of confidential information, which could damage our reputation among our current and potential clients and cause us to lose business and revenue.

Product liability associated with the production, marketing, and sale of our products, and/or the expense of defending against claims of product liability, could materially deplete our assets and generate negative publicity which could impair our reputation.

The production, marketing and sale of digital products have inherent risks of liability in the event of product failure or claim of harm caused by product operation. Furthermore, even meritless claims of product liability may be costly to defend against. We do not currently have product liability insurance for our products. We may not be able to obtain this insurance on acceptable terms or at all. Because we may not be able to obtain insurance that provides us with adequate protection against all or even some potential product liability claims, a successful claim against us could materially deplete our assets. Moreover, even if we can obtain adequate insurance, any claim against us could generate negative publicity, which could impair our reputation and adversely affect the demand for our products, our ability to generate sales and our profitability. For the products we sell through Hydrofarm, we also do not carry product liability insurance. It is our management's position that these handheld battery-operated products do not carry substantial product liability risk and to the extent there are any product liability risks, such risks are born by Hydrofarm, who does carry product liability insurance coverage for the products we provide to them, and they sell to their customers. However, it is possible that we could face liability in a products liability lawsuit for manufacturing defects or defective design since we design or manufacture the products sold by Hydrofarm.

Some of the agreements that we may enter with manufacturers or distributors of our products and components of our products may require us:

- to obtain product liability insurance; or
- to indemnify manufacturers against liabilities resulting from the sale of our products.

If we are not able to obtain and maintain adequate product liability insurance, then we could be in breach of these agreements, which could materially adversely affect our ability to produce our products and generate revenues. Even if we can obtain and maintain product liability insurance, if a successful claim in excess of our insurance coverage is made, then we may have to indemnify some or all of our manufacturers or distributors for their losses, which could materially deplete our assets.

We may not be able to identify suitable acquisition targets or otherwise successfully implement a growth strategy reliant on mergers and acquisitions.

To expand our business, we hope to pursue mergers and acquisitions to acquire new or complementary businesses, services or technologies. We expect to continue evaluating potential strategic acquisitions of businesses, services, and technologies. However, we may not be able to identify suitable candidates, negotiate appropriate or favorable acquisition terms, obtain financing that may be needed to consummate such transactions or complete proposed acquisitions. Any such future mergers and acquisitions would be accompanied by the risks commonly encountered in acquisitions of companies, including, among other things, the difficulty of integrating the operations and personnel of the acquired companies; the potential disruption of the Company's ongoing business; the inability of management to incorporate successfully acquired technology and rights into the Company's services and product offerings; additional expense associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; and the potential impairment of relationships with employees, customers and strategic partners.

Our growth strategy includes licensing our intellectual property, and we run the risk that a licensee could become a competitor.

As part of our growth strategy, we anticipate licensing our intellectual property. Licensing our intellectual property could potentially damage our business if a licensee becomes a competitor, especially once the statutory rights to our intellectual property have expired or the licensing arrangement with a licensee has terminated. A licensee could develop modifications of our intellectual property and choose to compete with us in the marketplace. Litigation may be necessary to protect our rights to our intellectual property. Even if we are successful, litigation could result in substantial costs and be a distraction to our management team. If we are not successful, we could lose valuable intellectual property rights.

Product defects could result in costly fixes, litigation, and damages.

Our business exposes us to potential product liability risks that are inherent in the design, manufacture, and sale of our products. If there are claims related to defective products (under warranty or otherwise), particularly in a product recall situation, we could be faced with significant expenses in replacing or repairing the product. For example, our filtration products or Ubiquitor devices obtain raw materials, machined parts and other product components from suppliers who provide certifications of quality which we rely on. Should these product components be defective and pass undetected into finished products, or should a finished product contain a defect, we could incur significant costs for repairs, re-work and/or removal and replacement of the defective product. In addition, if a dispute over product claims cannot be settled, arbitration or litigation may result, requiring us to incur attorneys' fees and exposing us to the potential of damage awards against us.

Only two officers have public company experience on our management team which could adversely impact our ability to comply with the reporting requirements of U.S. securities laws.

Amongst our officers, only Dr. Desheng Wang, our CEO, and Irving Kau, our CFO, have public company experience. Our CEO and CFO are ultimately responsible for complying with federal securities laws and making required disclosures on a timely basis. Any such deficiencies, weaknesses or lack of compliance could have a materially adverse effect on our ability to comply with the reporting requirements of the Securities Exchange Act of 1934, as amended, which is necessary to maintain our public company status. If we were to fail to fulfill those obligations, our ability to continue as a U.S. public company would be in jeopardy in which event you could lose your entire investment in our Company.

Some of our officers, directors, consultants, and advisors are involved in other businesses and not obligated to commit their time and attention exclusively to our business and therefore they may encounter conflicts of interest with respect to the allocation of time and business opportunities between our operations and those of other businesses.

Another example of a conflict of interest are so called "self-dealing" transactions. If a conflict-of-interest transaction is negotiated and approved, in a manner that approximates arms-length negotiations, the transaction is accepted unless a shareholder proves in court that the transaction is not entirely fair to the company or its shareholders. The burden is on the shareholder to show lack of entire fairness. A self-dealing transaction is considered invalid if challenged, unless the interested director proves in court that the transaction is entirely fair to the Company. The burden is on the director to show entire fairness.

If, because of these conflicts, we may be deprived of business opportunities or information, the execution of our business plan and our ability to effectively compete in the marketplace may be adversely affected. If our audit committee becomes aware of such conflict of interests, we will take an immediate action to resolve it. Each conflict of interest will be handled by the Company based on the nature of the conflict and the individual involved in it.

We are not aware of any current or potential conflict of interests with our consultants or advisors.

We have concluded that we have not maintained effective internal control over financial reporting through the years ended December 31, 2024, and December 31, 2023. Significant deficiencies and material weaknesses in our internal control could have material adverse effects on us.

It is important for us to maintain effective internal control over financial reporting, which is a process designed 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. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely manner.

A material weakness in our internal control over financial reporting could adversely impact our ability to provide timely and accurate financial information. If we are unsuccessful in implementing or following our remediation plan, we may not be able to timely or accurately report our financial condition, results of operations or cash flows or maintain effective disclosure controls and procedures. If we are unable to report financial information timely and accurately or to maintain effective disclosure controls and procedures, we could be subject to, among other things, regulatory or enforcement actions by the SEC, any one of which could adversely affect our business prospects.

Our executive officers and directors collectively have the power to control our management and operations and have a significant majority in voting power on all matters submitted to the stockholders of the Company.

Our CEO and one of our directors, Dr. Desheng Wang, owns 32% of the outstanding shares of our common stock as of the date of this report. Two of our directors together own over 50% of the outstanding shares of our common stock. Accordingly, our directors have a significant influence in determining the outcome of all corporate transactions or other matters, including mergers, consolidations, and the sale of all or substantially all of our assets. They also have the power to prevent or cause a change in control. The interests of our directors may differ from the interests of the other stockholders and thus result in corporate decisions that are disadvantageous to other shareholders.

Management currently beneficially owns most of our outstanding common stock. Consequently, management can influence control of the operations of the Company and, acting together, will have the ability to influence or control substantially all matters submitted to stockholders for approval, including:

- Election of our board of directors;
- Removal of directors;
- Amendment to the Company's Articles of Incorporation or Bylaws; and
- Adoption of measures that could delay or prevent a change in control or impede a merger, takeover or other business combination.

These stockholders have complete control over our affairs. Accordingly, this concentration of ownership by itself may have the effect of impeding a merger, consolidation, takeover or other business consolidation, or discouraging a potential acquirer from making a tender offer for the common stock.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. As a result, current and potential shareholders could lose confidence in our financial reporting, which would harm our business and the trading price of our stock.

Members of our Board of Directors are inexperienced with U.S. GAAP and the related internal control procedures required of U.S. public companies. Management has determined that our internal audit function is also significantly deficient due to insufficient qualified resources to perform internal audit functions.

We are a smaller reporting company with limited resources. Therefore, we cannot assure investors that we will be able to maintain effective internal controls over financial reporting based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The Company has deficiencies over financial statements in areas of recording revenue and expenses in proper cut off as well as proper classification of accounts. For these reasons, we are considering the costs and benefits associated with improving and documenting our disclosure controls and procedures and internal controls and procedures, which includes (i) hiring additional personnel with sufficient U.S. GAAP experience and (ii) implementing ongoing training in U.S. GAAP requirements for our CFO and accounting and other finance personnel. If the result of these efforts are not successful, or if material weaknesses are identified in our internal control over financial reporting, our management will be unable to report favorably as to the effectiveness of our internal control over financial reporting and/or our disclosure controls and procedures, and we could be required to further implement expensive and time-consuming remedial measures and potentially lose investor confidence in the accuracy and completeness of our financial reports which could have an adverse effect on our stock price and potentially subject us to litigation.

The requirements of being a public company may strain our resources and distract our management.

We are required to comply with various regulatory and reporting requirements, including those required by the Securities and Exchange Commission. Complying with these reporting and other regulatory requirements is time-consuming and may result in increased costs to us and could have a negative effect on our business, results of operations and financial condition.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and requirements of the Sarbanes-Oxley Act of 2002, as amended, or SOX. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly, and current reports with respect to our business and financial condition. SOX requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly and increase demand on our systems and resources.

These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business and results of operations.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our Board of Directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

Risks Related to the Ownership of our Common Stock

Our shares may be affected by short selling practices which may decrease the stock price.

The Company believes that certain individuals and/or companies may have engaged in manipulative and/or suspected illegal trading practices that may artificially depress our share price. There is great concern in today's market environment regarding the potential targeting of publicly traded companies in a market manipulation scheme involving illegal naked short selling of stock. The Company finds such suspected manipulation completely unacceptable as it distorts the value of the Company and negatively impacts shareholders who have invested their hard-earned money. We are considering engaging third party service providers to further investigate these practices by aggregating and analyzing repository data from reporting entities, broker-dealers and shareholders enabling us to proactively track shareholder ownership, identify parties involved in suspicious, aberrant, or unusual trading activity and deploy corrective action steps to help curtail such activity.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules, and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a "Limit Up-Limit Down" program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors to effect short sales of our common stock, borrow our common stock or enter into swaps on our common stock could adversely affect the trading price and liquidity of our shares.

An increase of free trading shares of our common stock could result in substantial sales of common stock on the open market which could cause our stock price to fall substantially.

As of January 31, 2025, we had 3,378,104 freely trading shares, after the Company's Board of Directors approved a 10 to 1 reverse stock split. Any increase in freely trading shares, or the perception that such shares will or could come onto the market could have an adverse effect on the trading price of the stock. No prediction can be made as to the effect, if any, that sales of these shares, or the availability of such shares for sale, will have on the market prices prevailing from time to time. Nevertheless, the possibility that substantial amounts of common stock may be sold in the public market may adversely affect prevailing market prices for our common stock and could impair our ability to raise capital through the sale of our equity securities or impair our shareholders' ability to sell on the open market.

You could be diluted from our future issuance of capital stock and derivative securities.

As of December 31, 2024, we had 7,153,647 shares of common stock outstanding and no shares of preferred stock outstanding. We are authorized to issue up to 15,000,000 shares of common stock and no shares of preferred stock. To the extent of such authorization, our Board of Directors will have the ability, without seeking stockholder approval, to issue additional shares of common stock or preferred stock in the future for such consideration as the Board of Directors may consider sufficient. The issuance of additional common stock or preferred stock in the future may reduce a shareholder's proportionate ownership and voting power.

Substantial future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price.

Sales of substantial shares of our common stock in the public market, or the perception that these sales could occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional shares.

In the future, we may issue our securities if we need to raise capital in connection with a capital raise or acquisitions. The number of shares of our common stock issued in connection with a capital raise or acquisition could constitute a material portion of our then-outstanding shares of our common stock and have a dilutive effect on our shareholders which could have a material negative effect on our stock price.

Future sales of our common stock by existing stockholders could cause our stock price to decline.

If our existing stockholders sell substantial shares of our common stock in the public market, then the market price of our common stock could decrease significantly. The perception in the public market that our stockholders might sell shares of common stock also could depress the market price of our common stock. There are approximately 7,153,647 shares of our common stock outstanding as of December 31, 2024, of which approximately 3,417,793 shares are freely tradable.

Certain existing holders of most of our common stock have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other shareholders. If the sale of these shares are registered, they will be freely tradable without restriction under the Securities Act. In the event such registration rights are exercised, and many shares of common stock are sold in the public market, such sales could reduce the trading price of our common stock.

A decline in the price of shares of our common stock might impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities.

We do not intend to pay dividends and there will be less ways in which you can make a gain on any investment in Focus Universal Inc.

We have never paid any cash dividends and currently do not intend to pay any cash dividends for the foreseeable future. To the extent that we require additional funding currently not provided for in our financing plan, our funding sources may likely prohibit the payment of a cash dividend. Because we do not intend to declare cash dividends, any gain on an investment in Focus Universal Inc. will need to come through appreciation of the stock's price.

Sales of a substantial number of shares of our common stock in the public market by certain of our shareholders could cause our stock price to fall.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock, and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of shares of our common stock.

An active trading market for our common stock may not be maintained.

Our common stock is currently listed on the Nasdaq Capital Market under the symbol "FCUV," but we can provide no assurance that we will be able to maintain an active trading market on this or any other exchange in the future. A lack of an active market may impair the ability of our stockholders to sell shares at the time they wish to sell or at a price that they consider favorable. The lack of an active market may also reduce the fair market value of our common stock, impair our ability to raise capital by selling shares of capital stock and may impair our ability to use common stock as consideration to attract and retain talent or engage in business transactions (including mergers and acquisitions). As previously reported, the Company has met the continued listing requirements for Nasdaq Capital Market by submitting a transfer application from the Nasdaq Global Market to the Capital Market and providing written notice of its intention to cure the deficiency during the second compliance period to regain compliance with Nasdaq Listing Rule 5450(a)(1) (the "Bid Price Rule"). The Company was provided a second compliance period of 180 calendar days or until March 17, 2025, to regain compliance with the Bid Price Rule. If, at any time before the Compliance Date, the bid price of the Company's security is at least $1 for a minimum of ten consecutive days then this matter should be closed with respect to the Bid Price Rule.

In an effort to regain compliance with Nasdaq's Bid Price Rule, on January 31, 2025, the Company effected a 1 for 10 reverse stock split pursuant to Nevada Revised Statutes ("NRS") Section 78.207 which also caused a decrease of the Company's authorized shares of common stock by the same ratio from 150,000,000 to 15,000,000.

We may not be able to maintain the continued NASDAQ listing standards.

NASDAQ requires companies to fulfill specific requirements in order for their shares to continue to be listed. There is no guarantee that our common stock will maintain NASDAQ continued listing standards and we may be delisted. If our common stock is delisted from NASDAQ, our shareholders could find it difficult to sell their common stock.

If the shares of our common stock were to be delisted from NASDAQ, we expect that it would be traded on the OTCQB or OTCQX marketplaces, which are unorganized, inter-dealer, over-the-counter markets that provide significantly less liquidity than NASDAQ or other national securities exchanges. Thus, a delisting from NASDAQ may have a material adverse effect on the trading and price of our common stock.

If we are unable to maintain compliance with NASDAQ continued listing standards, including maintenance of at least $2.5 million of stockholders' equity and maintenance of a $1.00 minimum bid price, our common stock may be delisted from NASDAQ.

There can be no assurances that we will be able to maintain our NASDAQ listing in the future. In the event we are unable to maintain compliance with NASDAQ continued listing standards and our common stock is delisted from NASDAQ, it could likely lead to a number of negative implications, including an adverse effect on the price of our common stock, reduced liquidity in our common stock, the loss of federal preemption of state securities laws and greater difficulty in obtaining financing. In the event of a delisting, we would take actions to restore our compliance with NASDAQ's continued listing standards, but we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the NASDAQ minimum bid price requirement or prevent future non-compliance with NASDAQ's continued listing requirements.

Risks Related to AVX

Increasing competition within our industry could have an impact on our business prospects.

The IoT market is a growing industry where new competitors are entering the market frequently. These competing companies may have significantly greater financial and other resources than we have and may have been developing their products and services longer than we have been developing ours. Although our portfolio of products and related revenue stream sources are broad, increasing competition may have a negative impact on our profit margins.

The success of our smart home installation business will depend upon the efforts of management of our subsidiary AVX.

We can offer no assurance that we will be able to retain or effectively recruit new additional personnel. The departure of any key members of AVX's management team could make it more difficult to operate AVX. Moreover, to the extent that we will rely upon their management team to operate AVX, we will be subject to risks regarding their managerial competence. Accordingly, we cannot assure you that our assessment of these individuals will prove to be correct and that they will have the skills, abilities, and qualifications we expect.

If we are unable to integrate the Ubiquitor device into the smart home installation business, we may not be able to distinguish ourselves in the segment and that could negatively affect our ability to operate in the competitive smart home installation industry.

The smart home installation business is a highly competitive market, and we have numerous competitors who are already well-established in the market. We expect our competitors to continue improving the design and performance of their products and to introduce new products that could be competitive in both price and performance. The reason we believe that we could become competitive in this market segment is because we anticipate integrating the Ubiquitor device, and our platforms into AVX's smart home installations. However, there is no guarantee that we can integrate the Ubiquitor device into AVX's smart home installations. If we are unable to integrate the Ubiquitor device into smart home installations, we will not be able to achieve the competitive price and performance we anticipate achieving success in AVX's future smart home installations. Alternatively, we may not be able to achieve a smart home installation at a cost-effective price that is sufficient to distinguish us from amongst the competition in this market segment.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 1C. CYBERSECURITY RISK MANAGEMENT, STRATEGY AND GOVERNANCE

Risk Management and Strategy

We have implemented a cybersecurity process that is designed to assess, identify, manage and govern material risks from cybersecurity threats and requires a firewall for outside connections. We operate a closed server in a locked room and regularly examine cybersecurity threats that could compromise our information system's security or data and otherwise maintain our cybersecurity policies and procedures in accordance with industry standard control frameworks and applicable regulations, laws, and standards.

We regularly check and improve our security measures and educate our employees about such measures with the help of our information technology (IT) team. Key personnel are made aware of our cybersecurity process through trainings.

We do not engage third party professionals or disclose our internal security measures to private parties.

We have never experienced a cybersecurity incident that was determined to be material, although, like many technology-dependent companies operating in the current environment, we have experienced cybersecurity incidents in the past. For additional information regarding whether any risks from cybersecurity threats are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition, please see the section titled "Risk Factors."

Governance

One of the key functions of our board of directors, in connection with our IT team, is informed oversight of our risk management process, which includes risks from cybersecurity threats. Our board of directors monitors and assesses strategic risk exposure, and our executive officers manage the material risks we face.

Our Vice President of Operations, who has over 30 years of experience in IT and marketing, works with our board of directors to manage our cybersecurity policies and processes, including those described in the "Risk Management and Strategy" section above. Together, they stay informed and manage how we identify, address, prevent and resolve cybersecurity issues and related matters. They also track how we prevent, identify, lessen, and address cybersecurity issues. This is done through regular checks of our systems, tests to identify security weaknesses, and maintaining an incident response plan.

In addition to such regular system checks, our Vice President of Operations, together with the board, regularly discuss active, emerging and potential cybersecurity risks. They keep each other informed about significant changes affecting cybersecurity, and they periodically update management with these changes, as well as our cybersecurity risks, so that management can administer its oversight function as a part of its broader oversight and risk management.

Item 2. PROPERTIES

We currently lease our offices located at 2311 East Locust Court, Ontario, CA, 91761 on a month to month basis. The property consists of an industrial type, two-story building, with a total building area of 30,740 square feet. Ten thousand square feet will be utilized for office space; and 20,000 square feet for warehouse space. The property includes 58 parking spaces.

Focus Universal (Shenzhen) Technology Co. LTD entered into two separate thirty-six-month commercial leases with a third party for office spaces of approximately 2,017 and 3,449 square feet.

Item 3. LEGAL PROCEEDINGS

On or about April 13, 2020, Ian Patterson, the Chief Operations Officer of AVX resigned from his position. On May 5, 2020, Mr. Patterson filed an action in the Superior Court for the County of Los Angeles, State of California, against the company, et al. The complaint alleges claims including discrimination, wrongful termination, retaliation and various other provisions of the California Labor Code, and various other claims under California state law. The complaint seeks unspecified economic and non-economic losses, as well as attorneys' fees. We have conducted written discovery, depositions, and expert discovery. We have a motion for summary judgment set to be heard on June 17, 2025. Trial for this matter is set for August 6, 2025. AVX intends to vigorously contest this matter. Further, AVX disputes that the other defendants are proper parties to the litigation. However, litigation and investigations are inherently uncertain, but the outcome could have a material impact on the Company.

Similarly, on or about April 14, 2020, Devesa Sarria, the Sales and Marketing Director, was terminated. On May 13, 2020, she filed an action in the Superior Court for the County of Los Angeles, State of California. The Complaint alleges claims including discrimination, wrongful termination, retaliation and various other provisions of the California Labor Code, and various other claims under California state law. The complaint seeks unspecified economic and non-economic losses, as well as attorneys' fees. We have conducted written discovery, depositions, and expert discovery. Trial for this matter is set for August 13, 2025. AVX intends to vigorously contest this matter. Further, AVX disputes that the other defendants are proper parties to the litigation. However, litigation and investigations are inherently uncertain, but the outcome could have a material impact on the Company.

On August 26, 2024, a former software engineer filed an action against Perfecular Inc., a wholly owned subsidiary of the Company, in the Superior Court for the County of San Bernardino, State of California alleging wrongful termination and other violations of the California Labor Code. The complaint seeks unspecified economic and non-economic losses, as well as attorneys' fees. The Company is investigating and intends to vigorously defend itself in the foregoing matters. The case has currently been stayed until a status conference on September 17, 2025, which is when the expected trial date will be set. However, litigation and investigations are inherently uncertain. The Company does possess EPLI insurance, and the legal team as selected by the insurance company is currently handling the matter. The Company vigorously disputes these allegations.

On October 28, 2024, MGR Real Estate, Inc. a California corporation, filed an action in the Superior Court of the State of California, County of San Bernardino, against the Company. The complaint alleges a variety of things including breach of contract and declaratory relief. The complaint is in connection with a listing agreement executed between the Company and the plaintiff, which plaintiff alleges gave it exclusive rights to list and sale the property located at 2311 E. Locust St., Ontario, CA 91761 (the "Premises"). The complaint seeks damages in a minimum amount of $373,025, plus interest at a rate of 10% per annum. The Company is negotiating a resolution and if such resolution falls through then the Company intends to contest this matter. However, since litigation and investigations are inherently uncertain, the outcome may have a material impact on the Company.

Item 4. MINE SAFETY DISCLOSURES

Not applicable to our Company.

PART II

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

Market Information

On August 31, 2021, the Company commenced the trading of its common stock on the Nasdaq Capital Market under the symbol "FCUV." From January 28, 2022, to September 22, 2024, the Company's shares traded on the Nasdaq Global Market. Starting on September 23, 2024, our securities were transferred for trading in the Nasdaq Capital Market. On February 3, 2025, the last reported sale price of our common stock as reported on the Nasdaq Capital Market was $6.09 per share.

On September 23, 2014, our common stock was verified for trading on the OTCQB Market under the trading symbol "FCUV." Prior to that time, there was no public market for our stock. The following table sets forth for the indicated periods the high and low intra-day sales price per share for our common stock on the Nasdaq Global Market (as applicable) for the four quarters of 2023 and 2024. As of September 23, 2024, our common stock trades upon the Nasdaq Capital Market.

	High	Low
2023: First Quarter	$ 47.10	$ 23.70
2023: Second Quarter	$ 24.60	$ 14.50
2023: Third Quarter	$ 19.70	$ 15.00
2023: Fourth Quarter	$ 21.70	$ 13.70
2024: First Quarter	$ 17.90	$ 3.40
2024: Second Quarter	$ 4.30	$ 2.30
2024: Third Quarter	$ 4.70	$ 1.80
2024: Fourth Quarter	$ 4.90	$ 2.10

Holders.

As of December 31, 2024, there were 355 record holders of 7,153,647 shares of the Company's common stock. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies. The transfer agent of our common stock is VStock Transfer, LLC.

Dividends.

The Company has not paid any cash dividends to date and does not anticipate or contemplate paying dividends in the foreseeable future. It is the present intention of management to utilize all available funds for the development of the Company's business. However, we cannot provide any assurance that we will or will not declare or pay cash dividends on our common stock. Any future determination to declare cash dividends will be made at the discretion of our Board of Directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our Board of Directors may deem relevant.

Securities Authorized for Issuance Under Equity Compensation Plans

On December 15, 2018, our Board of Directors presented the 2018 Equity Incentive Plan to the shareholders. On December 17, 2018, the holders of 63.051% of our issued and outstanding shares of common stock adopted a resolution by written consent without a meeting adopting the 2018 Equity Incentive Plan. The plan reserves an aggregate of 100,000 shares of the Company's common stock, which provides for the payment of various forms of incentive compensation to employees, consultants, executives, and directors of the Company. The 2018 Equity Incentive Plan provides for the grant of the following types of stock awards: (i) incentive stock options; (ii) non-statutory stock options; (iii) stock appreciation rights; (iv) restricted stock awards; (v) restricted stock unit awards; and (vi) other stock awards. Under the 2018 Equity Incentive Plan, a ten percent stockholder will not be granted an incentive stock option unless the exercise price of such option is at least one hundred and ten percent of the fair market value on the date of grant and the option is not exercisable after the expiration of five years from the grant date. The Board of Directors determines the vesting schedule of the grants with broad discretion. On August 6, 2019, each member of the Board was granted 4,500 options to purchase shares at $38.00 per share. On December 11, 2020, each member of the Board was granted 2,250 options to purchase shares at $20.00 per share. On December 31, 2021, each member of the Board was granted 2,250 options to purchase shares at $59.10 per share. On December 30, 2022, each member of the Board was granted 2,250 options to purchase shares at $42.70 per share. On January 2, 2024, each member of the Board was granted 2,250 options to purchase shares at $15.00 per share.

Recent sales of unregistered securities.

None.

<u>Issuer Purchases of Equity Securities</u>

The following table shows the repurchases made in 2023 and 2024.

Period	**(a) Total number of shares (or units) purchased**	**(b) Average price paid per share (or unit)**	**(c) Total number of shares (or units) purchased as part of publicly announced plans or programs**	**(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs**
April 2023	**4,399**	**$19.92**	4,399	–
May 2023	**11,305**	**$18.71**	15,704	–
June 2023	**7,600**	**$15.99**	23,304	–
November 2023	**1,900**	**$16.35**	25,204	–
December 2023	**1,100**	**$15.72**	26,304	–
October 2024	**40,983**	**$2.58**	67,287	–
November 2024	**19,217**	**$2.59**	86,504	–
December 2024	**45,464**	**$2.74**	131,968	–

Item 6. [RESERVED]

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

The following discussion should be read in conjunction with our audited financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward-looking statements in the following discussion and elsewhere in this report and in any other statement made by us, or on our behalf, whether in future filings with the Securities and Exchange Commission. Forward-looking statements are statements not based on historical information, and which relate to future operations, strategies, financial results or other developments. Forward-looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic, and competitive uncertainties, and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by us, or on our behalf. We disclaim any obligation to update forward-looking statements.

Focus Universal Inc., a Nevada corporation (the "Company," "we," "us," or "our"), has developed the five proprietary platform technologies described in the Business Section, starting on page 1. These are: (1) device on a chip; (2) universal smart instrumentation platform ("USIP"); (3) 5G ultra-narrowband technology; (4) ultra-narrowband power line communication ("PLC") technology; and (5) our financial reporting software.

Our main sources of revenue are derived from our sales of sensor devices and our wholesaling 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 manufacturers in China and then sell them to a major U.S. distributor, Hydrofarm, which resells our products directly to consumers through its established retail distribution channels and, in some cases, places its own branding on our products. Hydrofarm was not our primary source of revenue for the years ended December 31, 2024 and 2023.

In an effort to continually develop our product lines, we plan to phase out the traditional, lower-margin products, such as the first-generation digital light meter, and are preparing to launch a new line of products that have been in development for several years. These newer technology products will be released in phases, and we intend that increasing amounts of technology will be layered upon these products. Additionally, we plan to continue to increase our efforts in protecting more intellectual property and have continued to develop technologies for long-term growth. We have developed products in both the controlled agriculture industry and home automation industries, taking advantage of our existing relationships in both sectors.

We are building a U.S.-based sales team to market our Smart AVX-branded product lines. The team has already begun marketing our current large format multimedia touch screens, surveillance camera system (cameras and network video recorders (NVRs)), indoor and outdoor LED screens, and Focus Universal-branded voice over internet protocol (VOIP) phone service systems for use in commercial and corporate settings.

Our products on the home automation front are beginning the production cycle. Of note, smart wall touch light switches, digital control smart wall touch light switches, smart timers, and smart controllers are ready for production. Sourcing of electronic parts for these products is completed, the cost analysis of these products is completed, and most of the tooling for production has been completed.

Currently, our Shenzhen subsidiary mainly focuses on product development and commercialization. An important electrode with a "Total Dissolved Solids" ("TDS") meter design, with applications in all solubility measurements, was completed and approved by our U.S. management team. The designs of our TDS sensor, carbon dioxide sensor, new quantum PAR sensor and total dissolved oxygen sensors are also completed. Our testing against the state-of-the-art sensors on the market suggests to us that the new sensors are at least as good as the best quality sensors on the market. However, we believe that our sensors are much more cost effective.

Our software machine auto design team has also made significant progress during 2024. Having the mathematical and graphical environments created, our team is focused on developing the 3D-user interface machine auto design. Our public reporting automation software is completed and currently undergoing extensive testing. We have developed a Microsoft®-based add-on software that aims to streamline and automate the financial reporting preparation process. We believe the software will significantly simplify the Form 10-Q and Form 10-K preparation processes and make creating, editing and managing documents both simple and accurate. We are planning to commercialize this software in the first quarter of 2025. A cloud-based version of this software is currently under the development.

We have completed an initial production run of prototype Ubiquitor devices and intend to proceed into full-scale production during 2025. During 2024, we presented the Ubiquitor several trade shows including CES 2023 and 2024. 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 Ubiquitor was first showcased at the Consumer Technology Association's CES 2024 trade show, which attracted significant interest from potential customers.

We have designed a full line of products for the gardening industry by integrating the Ubiquitor device into a gardening system. The system includes the Ubiquitor connected to 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. We believe the combination of the Ubiquitor with these sensors will offer the same features as a combination of dozens or even hundreds of different standalone instruments in the gardening industry.

We continue to build upon our existing research and development with the intention of inventing an ultra-narrowband PLC technology that attempts to tackle: 1) overcoming interference caused by electronic noise on the power line system; and 2) bandwidth. Preliminary internal testing suggests that we have achieved significant noise rejection and interference suppression. In our preliminary internal testing, we have been able to increase bandwidth to 4 megabits per second with the potential for more, while simultaneously effectively dealing with electrical noise and interference. Based on the promising results of our internal testing, we have begun designing a proprietary PLC microchip and have set an intended launch date for late 2025 or early 2026 pending further development work from the engineering department.

Two of our products are ready for commercialization. These are our financial reporting software and universal smart technology for smart meters and automation. We are currently looking for distribution partners for both products.

While currently, we do not believe that inflation will play a large role and have a large effect on our current business, as our business grows, inflation may play a larger role as our need to procure supplies increases and our borrowing requirements increase as well. As we begin to diversify away from a single sector and a single large customer, we also believe that our exposure to market volatility in that sector will be diminished significantly. We believe this should have a stabilizing effect on revenues. However, as our new products begin to reach maturity and completion, we do believe our exposure to our supply chain risk will increase with our need for consistently procuring inputs and raw materials. We believe supply chain disruption is the largest risk factor for our cash flow as production increases. For a greater description of our technologies, our business segments and the products we are currently selling, see "Part I – Item 1. Business" above.

Results of Operations

For the year ended December 31, 2024 compared to the year ended December 31, 2023

Revenue, cost of revenue and gross profit

	For the year ended December 31, 2024	For the year ended December 31, 2023	Increase (Decrease) $
Revenue	$ 398,137	$ 440,543	$ (42,406)
Cost of revenue	387,936	380,884	7,052
Gross Profit	$ 10,201	$ 59,659	$ (49,458)

A summary of our revenue by product type for the fiscal years ended December 31, 2024 and 2023 is as follows:

	December 31, 2024	**December 31, 2023**
IoT Products	$ 398,137	$ 384,168
IoT Project Construction and Installation Services	–	56,375
Total	$ 398,137	$ 440,543

Our consolidated gross revenue for the years ended December 31, 2024, and 2023 was $398,137 and $440,543, respectively. Revenue for the year ended December 31, 2024, decreased $42,406 due to a sales decrease from construction contracts. Cost of revenue for the year ended December 31, 2024, was $387,936, compared to $380,884 for the year ended December 31, 2023. The overall increase in the cost of revenue was due to inventory reserve for the base LED panel products sold in the current year. This, combined with a decrease in gross profit, brought the total to $10,201 for the year ended December 31, 2024, compared to $59,659 for the year ended December 31, 2023.

Operating Expenses

The major components of our operating expenses for the years ended December 31, 2024 and 2023 are outlined in the table below:

	For the year ended December 31, 2024	For the year ended December 31, 2023	Increase (Decrease) $
Selling expense	$ 100,189	$ 118,762	$ (18,573)
Compensation – officers and directors	951,845	1,082,775	(130,930)
Research and development	1,381,937	1,324,438	57,499
Professional fees	1,660,590	767,606	892,984
General and administrative	2,115,891	1,717,864	398,027
Total operating expenses	$ 6,210,452	$ 5,011,445	$ 1,199,007

Selling expense for the year ended December 31, 2024 was $100,189, compared to $118,762 for the year ended December 31, 2023. Selling expense incurred was mainly from third party advertising fees. The decrease of selling expense was due to a decrease in advertising fees and trade show expenses.

Compensation – officers and directors were $951,845 and $1,082,775 for the years ended December 31, 2024 and 2023, respectively. The decrease was attributed to a decline in stock prices during the current year.

Research and development costs were $1,381,937 and $1,324,438 for the years ended December 31, 2024 and 2023, respectively. The increase was due to an increase in total number of research and development employee headcount in the Ontario, California headquarters and the Shenzhen, China subsidiary.

Professional fees were $1,660,590 during the year ended December 31, 2024 compared to $767,606 during the year ended December 31, 2023. The increase in these professional fees compared to the prior period was due to an increase in legal fees for employment litigation defense.

General and administrative expenses for the year ended December 31, 2024 was $2,115,891, compared to $1,717,864 for the year ended December 31, 2023. The increase of general and administrative expenses was primarily due to an increase in the number of office employees and rent expenses in 2024.

Other Income

Other income of $3,278,375 incurred during the year ended December 31, 2024, primarily consisted of gain on sale of property of $3,181,706, interest income of $40,852, interest expense – related party of $89,098, unrealized loss on marketable equity securities of $12,075, rental income of $96,541 and other income of $60,449. Other income of $241,551 incurred during the year ended December 31, 2023, primarily consisted of interest income of $38,339, interest expense – related party of $38,333, unrealized gain on marketable equity securities of $8,033, realized loss on marketable equity securities of $2,002, rental income of $160,910 and other income of $74,604.

Loss from discontinued operations, net of tax

Loss from discontinued operations, net of tax was $278,263 during the year ended December 31,2024, compared to $7,907 during the year ended December 31,2023. The decrease was due to the discontinued operations of AT Tech Systems LLC in August 2024.

Net Losses

During the years ended December 31, 2024, and 2023, we incurred net losses of $3,200,138 and $4,718,142 respectively, due to the factors discussed above.

Liquidity and Capital Resources

Working Capital

		December 31, 2024		December 31, 2023
Current Assets	$	3,846,363	$	1,028,278
Current Liabilities		(876,975)		(1,657,646)
Working Capital	$	2,969,388	$	(629,368)

Cash Flows

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

		For the year ended December 31, 2024		For the year ended December 31, 2023
Net cash used in operating activities	$	(4,656,754)	$	(3,528,762)
Net cash provided by investing activities		7,127,121		54,146
Net cash provided by (used in) financing activities		706,094		(434,048)
Effect of exchange rate		(15,397)		(6,508)
Net change in cash	$	3,161,064	$	(3,915,172)

Cash Flows from Operating Activities

Our net cash outflows from operating activities of $4,656,754 for the year ended December 31, 2024, was primarily the result of our net loss of $3,200,138 and changes in our operating assets and liabilities offset by the add-back of non-cash expenses, and operating activities from discontinued operations.

Our net cash outflows from operating activities of $3,528,762 for the year ended December 31, 2023, was primarily the result of our net loss of $4,718,142 and changes in our operating assets and liabilities offset by the add-back of non-cash expenses, and operating activities from discontinued operations.

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

Cash Flows from Investing Activities

For the year ended December 31, 2024, we had cash inflow from investing activities of $7,127,121. That was primarily the result from the purchase of property and equipment of $18,687, and proceeds from sales of property of $7,145,808. For the year ended December 31, 2023, we had cash inflow from investing activities of $54,146. That was primarily the result from the purchase of property and equipment of $20,620, purchase of marketable securities of $43,644 and proceeds from sales of marketable securities of $118,410.

Cash Flows from Financing Activities

For the year ended December 31, 2024, cash inflows from financing activities of $706,094. That was primarily the result proceeds from third party loan of $350,000, proceeds from related party loan of $1,101,000, repayment on related party loan of $2,101,000, repayment on third party loan of $350,000, stock issued for placement agent 1,086,000, stock issued for private placement of $1,290,000 and purchases of treasury stock of $669,906. For the year ended December 31, 2023, cash outflows from financing activities of $434,048. That was primarily the result from related party loan of $1,000,000, and purchases of treasury stock of $1,434,048.

Going Concern

The Company has assessed its ability to continue as a going concern for a period of one year from the date of the issuance of these consolidated financial statements. The Company has a net loss of $3,200,138 and $4,718,142 for the years ended December 31, 2024 and 2023, respectively. In addition, the Company had an accumulated deficit of $25,782,308 and $22,582,170 as of December 31, 2024 and 2023, respectively, and negative cash flow from operating activities of $4,656,754 and $3,528,762 for the years ended December 31, 2024 and 2023, respectively. Substantial doubt about the Company's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the Company will be unable to meet its obligations as they become due within one year from the financial statement issuance date. The accompanying consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern. The Company currently suffered recurring losses from operations, generated negative cash flow from operating activities, has an accumulated deficit and has not completed its efforts to establish a stabilized source of revenues sufficient to cover operating costs over an extended period of time. These conditions raise substantial doubt as to its ability to continue as a going concern. These consolidated financial statements do not include adjustments relating to the recoverability and classification of reported asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

At December 31, 2024, the Company had cash and cash equivalents, and short-term investments, in the amount of $3,613,978. The ability to continue as a going concern is dependent on the Company attaining and maintaining profitable operations in the future and raising additional capital to meet its obligations and repay its liabilities arising from normal business operations when they come due. Since inception, the Company has funded its operations primarily through equity and debt financings, and it expects to continue to rely on these sources of capital in the future. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing, or cause substantial dilution for our stockholders, in case of equity financing, or grant unfavorable terms in future licensing agreements.

Off-Balance Sheet Arrangements

As of December 31, 2024, we did not have any off-balance-sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation SK.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

FOCUS UNIVERSAL INC. AND SUBSIDIARY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Index to the Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Focus Universal Inc.
Ontario, California

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Focus Universal Inc. and Subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

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

Basis for Opinion

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

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

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

Critical Audit Matter

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

Sale of Warehouse and Land

As described in Note 5 to the consolidated financial statements, the Company sold its warehouse and land during the year ended December 31, 2024 resulting in a gain of $3,181,706, and subsequently entered into a short term lease agreement to rent the facility back from the buyer. We identified the recognition of the gain on sale of these assets as a critical audit matter due to the significance of this transaction to the Company's operations, and to the complex accounting relating to sale/leaseback transactions. This in turn led to significant effort in performing our audit procedures which were designed to evaluate the proper accounting and presentation of the sale/lease back transaction.

The primary audit procedures we performed to address this critical audit matter included;

- Obtaining, examining and testing the underlying contractual documentation related to the sale transaction
- Obtaining and understanding the lease agreement
- Recalculating the gain recorded by the Company
- Ensuring the Company properly accounted for the recognition of the gain in accordance with current accounting guidance

We have served as the Company's auditor since 2024.

Weinberg & Company, P.A.
February 28, 2025
Los Angeles, CA.

FOCUS UNIVERSAL INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash	$ 3,589,318	$ 428,254
Accounts receivable, net	5,584	13,528
Inventories, net	126,071	282,071
Other receivables	–	20,519
Prepaid expenses	100,730	87,874
Marketable securities	24,660	36,735
Current assets of discontinued operations	–	159,297
Total Current Assets	3,846,363	1,028,278
Property and equipment, net	60,485	4,080,663
Operating lease right-of-use asset	108,270	201,048
Deposits	65,195	24,135
Total Assets	$ 4,080,313	$ 5,334,124
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 702,065	$ 435,018
Related party loan	–	1,000,000
Other current liabilities	68,204	25,859
Lease liability, current portion	106,706	90,172
Current liabilities of discontinued operations	–	106,597
Total Current Liabilities	876,975	1,657,646
Non-Current Liabilities:		
Lease liability, less current portion	8,114	118,517
Other liability	–	12,335
Total Non-Current Liabilities	8,114	130,852
Total Liabilities	885,089	1,788,498
Contingencies (Note 12)	–	–
Stockholders' Equity:		
Common stock, par value $0.001 per share, 15,000,000 shares authorized; 7,153,647 and 6,477,182 shares issued and outstanding as of December 31, 2024 and 2023, respectively	7,154	6,477
Treasury stock (348,968 and 116,304 shares held at December 31, 2024 and 2023, respectively)	(1,055,592)	(434,048)
Additional paid-in capital	30,025,587	26,494,455
Shares to be issued, common shares (5,681 and 4,164 shares at December 31, 2024 and 2023, respectively)	25,573	74,476
Accumulated deficit	(25,782,308)	(22,582,170)
Accumulated other comprehensive loss	(25,190)	(13,564)
Total Stockholders' Equity	3,195,224	3,545,626
Total Liabilities and Stockholders' Equity	$ 4,080,313	$ 5,334,124

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

FOCUS UNIVERSAL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the years ended December 31, 2024	2023
Revenue	$ 398,137	$ 440,543
Cost of revenue	387,936	380,884
Gross Profit	10,201	59,659
Operating Expenses		
Selling expense	100,189	118,762
Compensation - officers and directors	951,845	1,082,775
Research and development	1,381,937	1,324,438
Professional fees	1,660,590	767,606
General and administrative	2,115,891	1,717,864
Total Operating Expense	6,210,452	5,011,445
Loss from Operations	(6,200,251)	(4,951,786)
Other Income (Expense):		
Interest income, net	40,853	38,339
Interest expense - related party	(89,098)	(38,333)
Gain on disposal of property	3,181,706	–
Unrealized gain (loss) on marketable equity securities	(12,075)	8,033
Realized loss on marketable equity securities	–	(2,002)
Rental income	96,541	160,910
Other income	60,449	74,604
Total other income	3,278,376	241,551
Loss from continuing operations before income taxes	(2,921,875)	(4,710,235)
Loss from discontinued operations, net of tax	(278,263)	(7,907)
Net Loss	$ (3,200,138)	$ (4,718,142)
Other comprehensive items		
Foreign currency translation loss	(11,626)	(7,021)
Total comprehensive loss	$ (3,211,764)	$ (4,725,163)
Basic and fully diluted net loss per shares:		
Continuing operations:	$ (0.44)	$ (0.78)
Discontinued operations:	$ (0.04)	$ (0.00)
Net Loss	$ (0.48)	$ (0.78)
Weight Average Number of Common Shares Outstanding: Basic and Diluted	6,714,478	6,031,487

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

FOCUS UNIVERSAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

Description	Common stock Shares	Common stock Amount	Treasury stock Amount	Additional Paid-In Capital	Shares to be issued Common Shares	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance – December 31, 2022	6,529,638	$ 6,530	$ (2,000,000)	$ 27,573,500	$ 48,075	$ (17,864,028)	$ (6,543)	$ 7,757,534
Stock based compensation - options	–	–	–	515,490	–	–	–	515,490
Stock based compensation - cashless exercise option	1,086	1	–	(1)	–	–	–	–
Stock based compensation - shares	6,225	6	–	405,406	26,401	–	–	431,813
Purchase of treasury stock	–	–	(469,048)	–	–	–	–	(469,048)
Retirement of treasury stock	(60,000)	(60)	2,000,000	(1,999,940)	–	–	–	–
Amendment stock purchase agreement – treasury stock	–	–	35,000	–	–	–	–	35,000
Issued stock dividend	233	–	–	–	–	–	–	–
Other comprehensive loss	–	–	–	–	–	–	(7,021)	(7,021)
Net loss	–	–	–	–	–	(4,718,142)	–	(4,718,142)
Balance – December 31, 2023	6,477,182	$ 6,477	$ (434,048)	$ 26,494,455	$ 74,476	$ (22,582,170)	$ (13,564)	$ 3,545,626
Stock based compensation - options	–	–	–	147,975	–	–	–	147,975
Stock based compensation - shares	12,594	13	–	466,183	(48,903)	–	–	417,293
Retirement of treasury stock	(3,000)	(3)	48,362	(48,359)	–	–	–	–
Purchase of treasury stock	(243,304)	(243)	(669,906)	243	–	–	–	(669,906)
Stock issued for placement agent	375,000	375	–	1,085,625	–	–	–	1,086,000
Stock issued for private placement	430,000	430	–	1,289,570	–	–	–	1,290,000
Fair value of stock issued to placement agent as commitment fee	105,175	105	–	249,895	–	–	–	250,000
Stock based compensation related to discount on shares sold to related parties	–	–	–	340,000	–	–	–	340,000
Other comprehensive loss	–	–	–	–	–	–	(11,626)	(11,626)
Net loss	–	–	–	–	–	(3,200,138)	–	(3,200,138)
Balance – December 31, 2024	7,153,647	$ 7,154	$ (1,055,592)	$ 30,025,587	$ 25,573	$ (25,782,308)	$ (25,190)	$ 3,195,224

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

FOCUS UNIVERSAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2024	**2023**
Cash flows from operating activities:		
Net Loss	$ (3,200,138)	$ (4,718,142)
Adjustments to reconcile net loss to net cash from operating activities:		
Gain on sale of warehouse	(3,181,706)	–
Bad debt expense	4,852	26,631
Inventory reserve	211,014	–
Depreciation expense	73,611	167,983
Unrealized (gain) or loss on marketable equity securities	12,075	(8,033)
Realized loss on marketable equity securities	–	2,002
Stock-based compensation - shares	417,293	431,813
Stock based compensation - options	147,975	515,490
Compensation cost related to sale of common shares to related parties	340,000	–
Fair value of shares issued as commitment fee	250,000	–
Changes in operating assets and liabilities:		
Accounts receivable	3,092	38,154
Accounts receivable - related party	–	34,507
Inventories	(55,014)	(178,299)
Other receivable	20,407	(20,519)
Prepaid expenses	(13,075)	54,029
Deposit	(41,825)	8,336
Operating lease right-of-use asset	87,869	325,329
Accounts payable and accrued liabilities	272,841	168,026
Other current liabilities	42,345	19,363
Lease liabilities	(88,735)	(342,732)
Other liabilities	(12,335)	–
Net cash flows used in operating activities from continuing operations	(4,709,454)	(3,476,062)
Net cash flows provided by (used in) operating activities from discontinuing operations	52,700	(52,700)
Net cash used in operating activities	(4,656,754)	(3,528,762)
Cash flows from investing activities:		
Purchase of property and equipment	(18,687)	(20,620)
Purchase of marketable securities	–	(43,644)
Proceeds from sales of marketable securities	–	118,410
Proceeds from sales of property	7,145,808	–
Net cash flows provided by investing activities	7,127,121	54,146
Cash flows from financing activities:		
Proceeds from third party loan	350,000	–
Proceeds from related party loan	1,101,000	1,000,000
Repayment on related party loan	(2,101,000)	–
Repayment on third party loan	(350,000)	–
Stock issued for placement agent	1,086,000	–
Stock issued for private placement	1,290,000	–
Purchase of treasury stock	(669,906)	(1,434,048)
Net cash flows provided by (used in) financing activities	706,094	(434,048)
Effect of exchange rate	(15,397)	(6,508)
Net change in cash	3,161,064	(3,915,172)
Cash beginning of year	428,254	4,343,426
Cash end of year	$ 3,589,318	$ 428,254
Supplemental cash flow disclosure:		
Cash paid for income taxes	$ –	$ –
Cash paid for interest	$ 4,209	$ 13,142
Supplemental disclosure of non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for operating lease liabilities	$ –	$ 273,041
Cashless exercise of options	$ –	$ 41,401

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

Note 1 – Organization and Operations

Focus Universal Inc. ("Focus") was incorporated under the laws of the State of Nevada on December 4, 2012 ("Inception"). The Company is a universal smart instrument developer and manufacturer, headquartered in Ontario, California, specializing in the development and commercialization of novel and proprietary universal smart technologies and instruments. Focus Universal Inc. is also a provider of patented hardware and software design technologies for Internet of Things ("IoT") and 5G. The Company has developed five disruptive patented technology platforms with 28 patents and patents pending in various phases and 8 trademarks pending in various phases to solve the major problems facing hardware and software design and production within the industry today. These technologies combined have the potential to reduce costs, product development timelines and energy usage while increasing range, speed, efficiency, and security. 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.

The Company has multiple subsidiaries, including Perfecular Inc. ("Perfecular"), AVX Design and Integration Inc. ("AVX," also doing business as Smart AVX ("Smart AVX")), Focus Universal (Shenzhen) Technology Company LTD ("Focus Shenzhen"), Lusher Bioscientific, Inc. ("Lusher"), and until August, 2024, AT Tech Systems LLC ("AT Tech LLC"), which activities' have since been discontinued. Perfecular Inc. 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.

AT Tech Systems was a subsidiary of Focus and specialized in commercial and industrial smart IoT installation projects in areas throughout Southern California. On August 5, 2024, the Company and the segment manager of AT Tech Systems LLC reached a tentative oral agreement to terminate his employment, and the employment of his two team members. The Company discontinued operations of AT Tech Systems on August 21, 2024, with a termination cost of $22,000 and is now presenting these operations as discontinued. (See Note 10)

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Perfecular, AVX, Focus Shenzhen, Lusher, Lusher Inc. and AT Tech Systems (collectively, the "Company," "we," "our," or "us"). All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of 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 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 useful lives of property and equipment, allowance for doubtful accounts, inventory reserves, accruals for potential liabilities, assumptions made in valuing stock instruments issued for services, and the valuation allowance on deferred tax assets. The Company regularly evaluates its estimates and assumptions.

Segment Reporting

The Company's management team is provided financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. In addition, substantially all of the Company's revenue and long-lived assets are attributable to operations in the United States for all periods presented.

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 a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, the Company has determined that it has two operating and reportable segments. The Company consists of two types of operations. (1) AVX and Smart AVX (inclusive of the smart IoT Products sales under Smart AVX) cooperatively run our "LED and IoT Installation Services" segment, which handles our LED and IoT installation and management business specializing in high performance and easy to use LED and display systems, audio/video systems, home theaters, lighting control, automation, and integration. This includes the Focus and Focus Shenzhen collectively operate our "Corporate and R&D" segment focused on R&D development for the IoT, which involves the non-specific financing, executive expense, operations and investor relations of our public entity, and the general shared management and costs across the Company's subsidiaries that spread across all functional categories and research and development of these IoT technology products and of our smart products into the commercial and home automation sectors. (2) Perfecular and Lusher jointly operate the SEC Financial Software segment, which involves the development, marketing, and production of our SEC Financial Reporting AI-Driven Automation Software package and also includes our universal smart instruments and devices in the hydroponic and controlled agriculture 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 consolidated financial statements.

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 December 31, 2024, and 2023, approximately $2,781,560 and $0 of the Company's cash was not insured by the FDIC. There were no cash equivalents held by the Company at December 31, 2024 and 2023.

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 December 31, 2024 and 2023, allowance for doubtful accounts amounted to $278,201 and $249,603, 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.

Major customers

For the years ended of December 31, 2024 and 2023, the Company's revenue received from the following customers and were set out as below:

	For the years ended December 31,			
	2024		2023	
	Amount	% of Total Revenue	Amount	% of Total Revenue
Customer A	$ 83,548	21%	$ –	–
Customer B	69,325	17%	–	–
Customer C	54,479	14%	–	–
Customer D	50,053	13%	–	–
Customer E	–	–	60,000	14%
Customer F	–	–	50,000	11%
Customer G	(*)	(*)	44,147	10%
Customer H	–	–	41,955	10%

(*) Revenue for the year ended had not exceeded 10% or more of the consolidated revenue.

Major vendors

For the years ended of December 31, 2024 and 2023, the Company's purchase from the following vendors and were set out as below:

	For the years ended December 31,			
	2024		2023	
	Amount	% of Total Purchase	Amount	% of Total Purchase
Vendor A	$ 147,591	83%	$ 152,969	39%
Vendor B	–	–	189,151	49%
Vendor C	21,822	12%	(*)	(*)

(*) Purchase for the year ended had not exceeded 10% or more of the consolidated purchase.

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 an allowance 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 the carrying value to its estimated market value.

Marketable Equity 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 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 December 31, 2024 and 2023, the Company believes there was no impairment of its long-lived assets.

Treasury stock

Purchases and sales of treasury stock are accounted for using the cost method. Under this method, shares acquired are recorded at the acquisition price directly to the treasury stock account. Upon sale, the treasury stock account is reduced by the original acquisition price of the shares and any difference is recorded in additional paid in capital, on a first-in first-out basis.

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.

Stock Dividends

The Company follows paragraph ASC 505-20-25 in treating stock dividends as a stock split when the stock dividend is greater than 25% of the shares then outstanding. On March 23, 2023, and April 3, 2023, the Company issued 2,159,216 shares of common stock as dividends to its shareholders for a stock dividend of one share of common stock for every two shares of common stock issued and outstanding. The Company followed paragraph ASC 260-10-55-12, wherein it retroactively adjusted all share amounts and its statement of stockholders' equity for all presented periods to incorporate the alteration in capital structure.

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 December 31, 2024 and 2023:

	December 31, 2024			
	Fair Value			Carrying Value
	Level 1	Level 2	Level 3	
Assets				
Marketable securities:				
Stock	$ 24,660	$ –	$ –	$ 24,660
Total assets measured at fair value	$ 24,660	$ –	$ –	$ 24,660

	December 31, 2023			
	Fair Value			Carrying Value
	Level 1	Level 2	Level 3	
Assets				
Marketable securities:				
Stock	$ 36,735	$ –	$ –	$ 36,735
Total assets measured at fair value	$ 36,735	$ –	$ –	$ 36,735

The carrying amount of the Company's financial assets and liabilities, such as cash, accounts receivable, inventories, other receivable, prepaid expenses, deposit, accounts and accrued expenses, payable, treasury stock payable, 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. We believe the related party loan approximates its fair value based on interest rate of the loan.

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. Other comprehensive loss for the years ended December 31, 2024 and 2023 was comprised of foreign currency translation adjustments.

Revenue Recognition

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 upon the delivery of the equipment to the customer and completion of performance obligation.

- ☐ Service sales – revenue is recognized based on the service been provided and the agreed upon performance obligation has been completed 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. Currently, the software segment is not generating any revenue.

A summary of our revenue by product type for the fiscal years ended December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
IoT Products	$ 398,137	$ 384,168
IoT Project Construction and Installation Services	–	56,375
Total	$ 398,137	$ 440,543

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.

Advertising Expenses

During the years ended December 31, 2024 and 2023, the Company incurred advertising costs of $15,125 and $0, respectively.

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.

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 December 31, 2024 and 2023.

As of December 31, 2024 and 2023, 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.

Year ended December 31,	**2024**	**2023**
Stock options	62,637	51,387
Total	62,637	51,387

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 consolidated statements of operations. The exchange rates used for consolidated financial statements are as follows:

	Average Rate for the Year Ended December 31,			
	2024		2023	
China Yuan (RMB)	RMB	7.1843	RMB	7.0714
United States Dollar ($)	$	1.0000	$	1.0000

	Exchange Rate at			
	December 31, 2024		December 31, 2023	
China Yuan (RMB)	RMB	7.2975	RMB	7.0698
United States Dollar ($)	$	1.0000	$	1.0000

Going Concern

The Company has assessed its ability to continue as a going concern for a period of one year from the date of the issuance of these financial statements. The Company has a net loss of $3,200,138 and $4,718,142 for the years ended December 31, 2024 and 2023, respectively. In addition, the Company had an accumulated deficit of $25,782,308 and $22,582,170 as of December 31, 2024 and 2023, respectively, and negative cash flow from operating activities of $4,656,754 and $3,528,762 for the years ended December 31, 2024 and 2023, respectively. Substantial doubt about the Company's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the Company will be unable to meet its obligations as they become due within one year from the financial statement issuance date. The accompanying consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern. The Company currently suffered recurring loss from operations, generated negative cash flow from operating activities, has an accumulated deficit and has not completed its efforts to establish a stabilized source of revenues sufficient to cover operating costs over an extended period of time. These conditions raise substantial doubt as to its ability to continue as a going concern. These consolidated financial statements do not include adjustments relating to the recoverability and classification of reported asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

At December 31, 2024, the Company had cash and cash equivalents, and short-term investments, in the amount of $3,613,978. The ability to continue as a going concern is dependent on the Company attaining and maintaining profitable operations in the future and raising additional capital to meet its obligations and repay its liabilities arising from normal business operations when they come due. Since inception, the Company has funded its operations primarily through equity and debt financings, and it expects to continue to rely on these sources of capital in the future. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing, or cause substantial dilution for our stockholders, in case of equity financing, or grant unfavorable terms in future licensing agreements.

Note 3 – Recent Accounting Pronouncement

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expense categories that are regularly provided to the chief operating decision maker and included in each reported measure of a segment's profit or loss. The update also requires all annual disclosures about a reportable segment's profit or loss and assets to be provided in interim periods and for entities with a single reportable segment to provide all the disclosures required by ASC 280, Segment Reporting, including the significant segment expense disclosures. This standard became effective for the Company on January 1, 2024. The adoption of this standard did not have a material impact on its results of operations, financial position or cash flows.

In November 2024, FASB issued ASU 2024-03 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40) Disaggregation of Income Statement Expenses. The guidance in ASU 2024-03 requires public business entities to disclose in the notes to the financial statements, among other things, specific information about certain costs and expenses including purchases of inventory; employee compensation; and depreciation and amortization expense for each caption on the income statement where such expenses are included. The update is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted, and the amendments may be applied prospectively to reporting periods after the effective date or retrospectively to all periods presented in the financial statements. We are currently evaluating the provisions of this guidance and assessing the potential impact on our financial statement disclosures.

Management does not believe that any other 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 December 31, 2024 and 2023, inventory consisted of the following:

	December 31, 2024	December 31, 2023
Parts	$ –	$ 1,051
Finished goods	337,085	281,020
Less: Inventory reserve	(211,014)	–
Inventories	$ 126,071	$ 282,071

Note 5 – Property and Equipment

At December 31, 2024 and 2023, property and equipment consisted of the following:

	December 31, 2024	December 31, 2023
Warehouse	$ –	$ 3,789,773
Land	–	731,515
Building improvement	14,620	240,256
Furniture and fixture	42,033	39,223
Equipment	137,966	119,556
Software	1,995	1,995
Total cost	196,614	4,922,318
Less accumulated depreciation	(136,129)	(841,655)
Property and equipment, net	$ 60,485	$ 4,080,663

Depreciation expense for the years ended December 31, 2024 and 2023 amounted to $73,611 and $167,983, respectively.

On July 3, 2024, the Company completed a purchase agreement (the "Purchase Agreement") with a third-party purchaser (the "Buyer") to sell the Company's warehouse. The net book value of the sales of the property consisted of the following:

	Amount
Warehouse	$ 3,789,773
Land	731,515
Building improvement	225,636
Total carrying amount	4,746,924
Less: Accumulated depreciation	782,822
Net book value	$ 3,964,102

The purchase price for the property was $7,460,250. The Company received net proceeds of $7,145,808 after closing costs, of which $1,481,208 was paid directly to settle certain outstanding debt and accrued interest and other amounts owed. In addition, the Company incurred $314,442 of closing costs resulting in a gain of $3,181,706 from the sale of the property. On July 8, 2024, the Company entered into a twelve-month Standard Industrial/Commercial Single-Tenant Lease with the buyer for an approximately 14,004 square foot office and warehouse space. The lease commenced on July 4, 2024 and will end on July 31, 2025. The monthly rent is $16,804 (See Note 8).

Note 6– Related Party Loans

On September 7, 2023, the Company entered into a loan agreement with Golden Sunrise Investment LLC in the amount of $1,000,000. This loan is secured against the Company’s property, which serves as collateral, with a cost of $4.5 million pledged. At the time of entering the loan agreement, Golden Sunrise Investment LLC was owned by two of the Company’s shareholders who collectively owned approximately 19% of the Company’s outstanding shares. The loan has an annual interest rate of 12% and the principal amount has a due date of September 7, 2024. On March 5, 2024, the Company entered into an addendum to the loan agreement with Golden Sunrise Investment LLC, a related party obtaining an additional secured loan amount of $300,000 at an annual interest rate of 12% which is due September 7, 2024. The principal of $1,300,000 and interest of $28,208 were paid off on July 3, 2024 from the proceeds of the sale of the building. As of December 31, 2024, principal and interest under this loan was $0. The interest expense amount was $77,208 for the year ended December 31, 2024.

On April 2, 2024, the Company entered into a two-year loan agreement with the Company’s CEO Desheng Wang for the amount of $300,000. The loan has an annual interest rate of 12% and the principal and interest amount have a due date of April 1, 2026, as consistent with the previous and separate loan agreement with Golden Sunrise Investment LLC. During the year, the principal loan amount has been increased from $300,000 to $801,000. The interest expense amount was $19,501 for the year ended December 31, 2024. The principal and interest were paid off on July 9, 2024. As of December 31, 2024, principal and interest under this loan was $0.

Note 7 – Short-Term Loans

On January 2, 2024, the board of directors of the Company authorized the Company to enter into a revolving credit facility or series of promissory notes for up to $5 million with one or more lenders. The Company accepted the first $300,000 tranche on January 9, 2024 (the “Loan”) with a third-party private lender (the “Lender”) whereby the Lender loaned $300,000 to the Company (the “Principal Amount”). The Loan has an annual 3% compound interest rate and note payments begins on February 4, 2024 (“Due Date”). On the Due Date, the Company will begin to pay Lender in 12 equal monthly installment payments of $25,408.11 each. The interest amount for the year ended December 31, 2024 was $4,897, and the total principal of $300,000 and interest were paid off on December 31, 2024.

On June 18, 2024, the Company entered into a one-month loan agreement with a third party for the amount of $50,000. The loan has an annual interest rate of 12% and the principal and interest amount have a due date of July 19, 2024. The interest expense amount was $500 for the year ended December 31, 2024. The principal and interest were paid off on July 19, 2024. As of December 31, 2024, principal of $50,000 and interest under this loan was $0.

Note 8 – Leases

Operating Leases

The Company recorded its operating lease cost of $143,097 and $143,097 for the years ended December 31, 2024 and 2023, respectively. This is included in general and administrative expenses.

On January 16, 2023, Focus Universal (Shenzhen) Technology Co. LTD entered into a thirty-six month commercial lease with a third party for an approximately 2,017 square foot office space. The lease commenced on February 1, 2023, and will end on January 31, 2026. The monthly rent is RMB29,974 (approximately $4,172) 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.

On February 22, 2023, Focus Universal (Shenzhen) Technology Co. LTD entered into a thirty-six month commercial lease with a third party for an approximately 3,449 square foot office space. The lease commenced on March 31, 2023 and will end on February 28, 2026. The monthly rent is RMB35,246 (approximately $4,906) 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 December 31, 2024 and 2023, operating lease right-of use assets and lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Operating lease right-of-use assets, net	$ 108,270	$ 201,048
Lease liabilities, current portion	$ 106,706	$ 90,172
Lease liabilities, less current portion	$ 8,114	$ 118,517

Lease term and discount rate:

	December 31, 2024	December 31, 2023
Weighted average remaining lease term:		
Operating lease	1.08 to 1.25 years	2.08 to 2.25 years
Weighted average discount rate:		
Operating lease	10%	10%

The minimum future lease payments are as follows:

		Amount
Year ending December 31, 2025	$	111,065
Year ending December 31, 2026		8,215
Total minimum lease payment		119,280
Less: imputed interest		(4,460)
Present value of future minimum lease payments	$	114,820

Short-term leases

On June 1, 2024, Focus Universal (Shenzhen) Technology Co. LTD entered into a twelve-month commercial lease with a third party for an approximately 1,701 square foot office space as a sales-focused office. The lease commenced on June 1, 2024 and will end on May 31, 2025. The monthly rent is RMB8,000 (approximately $1,141).

On July 8, 2024, the Company entered into a Standard Industrial/Commercial Single-Tenant Lease (the "Lease") with the Veena Asset Management, LLC to lease the same Focus Universal premises located at 2311 East Locust Court, Ontario, CA 91761 back for one year commencing at the close of escrow of the Purchase Agreement and ending on July 31, 2025, for 14,004 square foot office and warehouse space. Base monthly rent is $16,804, with a total of $58,812 due upon execution of the lease.

Note 9 – Stockholders' Equity

Stock Dividend

On March 23, 2023, the Company issued 2,159,216 shares of common stock as a dividend to its shareholders for a stock dividend of one share of common stock for every two shares of common stock issued and outstanding .

The Company followed paragraph ASC 505-20-25 in treating its stock dividend as a stock split due to the stock dividend being greater than 25% of the shares then outstanding. The Company adhered to paragraph ASC 260-10-55-12, and retroactively adjusted the common shares outstanding and its statement of stockholders' equity for all presented periods to incorporate the alteration in capital structure.

Common stock

On September 15, 2024, the Company entered into a placement agency agreement (the "Placement Agency Agreement"), with Univest Securities, LLC (the "Placement Agent"). Pursuant to the Placement Agency Agreement, the Placement Agent agrees to use its reasonable best efforts to sell the Company's common stock, par value $0.001 per share (the "Common Stock") in a registered direct offering (the "Offering"). In the Offering, an aggregate of 375,000 shares of Common Stock (the "Common Shares") of the Company will be sold to a certain institutional purchaser, pursuant to a securities purchase agreement, dated September 15, 2024 (the "Securities Purchase Agreement"). The purchase price of each Common Share was $3.20. The net proceeds from the Offering, after deducting placement agent discounts, commissions, and estimated offering expenses payable by the Company, was approximately $1,086,000.

On September 18, 2024, the Company completed the sale of 430,000 shares of Common Stock (the "Shares") in a private placement to certain eligible investors for an aggregate purchase price of $1,290,000, or $3.00 per share (the "Private Placement"). As part of the offering, Dr. Desheng Wang, Chief Executive Officer, Secretary, and Director of the Company, and Dr. Edward Lee, Chairman of the Board of the Company entered into a Subscription Agreements pursuant to which the Company agreed to issue and sell 100,000 shares of the Company's Common Stock for $300,000 in cash to each of these individuals (for an aggregate sale of 200,000 shares for proceeds of $600,000 in cash.) The Subscription Agreements contain customary representations and warranties and was exempt from registration under Section 4(a)(2) of the Securities Act. The Company determined that the officer and director were granted an inherent compensation/benefit since the trading price at the issuance date was $4.70. As such, the Company recorded stock compensation cost of $340,000 related to the issuance of these shares during the year ended December 31, 2024.

On November 16, 2024, the Company entered into a securities purchase agreement with Alumni Capital LP ("Alumni Capital") relating to the offer and sale of 200,000 shares of Common Stock (the "Common Stock"), par value $0.001 per share, offered by a prospectus supplement and accompanying prospectus. Pursuant to the securities purchase agreement with Alumni Capital, the Company may offer and sell up to $20,000,000 in shares of its Common Stock, from time to time at a purchase price of 91% of the previous 5 Business Days' VWAP, as defined in the agreement. The Company has also agreed to pay Alumni Capital an upfront commitment fee in shares of Common Stock equal to 1.25% of the full $20,000,000 commitment amount, as defined in the agreement, which shall count towards the life of the securities purchase agreement, divided by the VWAP for the trading day immediately prior to the shares being issued. The Company issued 105,175 shares of common stock valued at $250,000 to Alumni Capital which was recorded as a finance cost during the year ended December 31, 2024.

On January 31, 2025, we effected a 10 for 1 reverse stock split of the Company's authorized stock, and issued and outstanding shares of Common Stock by filing a Certificate of Change pursuant to pursuant to Nevada Revised Statutes ("NRS") Section 78.209. As a result of the reverse split, the Company is authorized to issue 15,000,000 common shares (the Company's authorized common shares were reduced in the same ratio (10-for-1) as its outstanding Common Stock shares were reduced). All share and per share amounts were retroactively adjusted to reflect this split as if it occurred at the earliest period presented.

Treasury stock

On August 10, 2022, the Company entered a stock purchase agreement (the "Stock Purchase Agreement") with a private shareholder to repurchase 60,000 shares of its common stock for $2,000,000. The private shareholder transferred the shares on October 4, 2022, which the Company placed in treasury; and on October 6, 2022, the Company wired the first $1,000,000 of the purchase price. Subsequently, on July 14, 2023, the Company entered into an amendment to the Stock Purchase Agreement that increased the number of shares of its common stock the Company would purchase to 130,000 shares and revised the total purchase price of the shares to $1,965,000 resulting in a $35,000 change in our obligation to purchase Treasury stock. The remaining $965,000 was paid on July 14, 2023. Upon receipt of the additional 90,000 shares, the Company also placed them in treasury. As of January 17, 2023, the Company retired the initial 60,000 shares and restored them to the status of authorized and unissued shares.

On June 11, 2024, the Company retired 3,000 shares with a cost of $48,362 and restored them to the status of authorized and unissued shares.

As part of the Company's repurchase program, during the year ended December 31, 2023 the Company repurchased 26,304 shares of its common stock for $464,486 in the public market at average price of $1.77 and placed them in treasury. During the year 2024, the Company repurchased 243,304 shares of its common stock for $669,906 in the public market at average price of $2.78 and placed them in treasury. As of December 31, 2024, 348,968 shares remain as treasury shares.

Employee compensation

In prior years, the Company entered into several employment agreements that require the issuance of common shares for services that vest on a quarterly basis. During the year ended December 31, 2023, an aggregate of 4,146 shares with a fair value of $74,473 vested during the period and were recognized as compensation costs. During the year ended December 31, 2024, an aggregate of 9,011 shares with a fair value of $59,953 vested during the period and were recognized as compensation costs. During the year ending December 31, 2024, 7,494 shares with a fair value of $108,856 that previously vested were issued. As of December 31, 2024, 5,681 shares of common stock with a fair value of $25,573 remain vested but not issued.

On February 11, 2022 (the “Vesting Date”), the Company entered into a restricted stock award agreements (the “Award Agreement”) with eight employees for 28,000 shares of the Company’s common stock subject to the terms and to the fulfillment of the conditions set forth in the Company’s equity incentive plan. The first 20% of the restricted shares were granted and vested on February 11, 2022. An additional 20% of the restricted shares will vest on each anniversary of the Vesting Date until the fourth anniversary of the Vesting Date. The initial fair value of the awards on the date of grant was determined to be $2,942,800 which is being amortized over the 5 year vesting period. During the year ended December 31, 2023, the Company amortized $357,340 leaving an unamortized balance of $1,072,020 at December 31, 2023. During the year ended December 31, 2024 the Company amortized $357,340 of this amount leaving an unamortized balance of $714,680 at December 31, 2024. As of December 31, 2024, 20,400 of the shares had been vested.

Stock options

On December 30, 2022, each member of the Board was granted 22,500 options to purchase shares at $4.27 per share with a fair value of $533,611 at the date of grant. These shares fully vested during 2023.

On January 2, 2024, each member of the Board was granted 2,250 options to purchase shares at $15.00 per share with a fair value of $29,595. The options vest monthly over 1 year, and may be exercised during a 10-year term. In the aggregate, 11,250 options were granted with a fair value of $147,975. During the year ended December 31, 2024, the Company recognized $147,975 of compensation cost relating to the vesting of these options.

For the years ended December 31, 2024 and 2023, the Company’s stock option compensation expenses amounted to $147,975 and $515,490, respectively.

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

	December 31, 2024
Risk-free interest rate	3.94%
Expected life of the options	5.5 years
Expected volatility	126.73%
Expected dividend yield	0%

The following is a summary of options activity from December 31, 2022 to December 31, 2024:

	Number of Options		Weighted average exercise price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2022	61,506	$	59.34	8.04	–
Granted	–	$	–	–	–
Exercised	(7,881)	$	35.88	–	–
Cancelled or forfeited	(2,238)	$	42.70	–	–
Outstanding at December 31, 2023	51,387	$	40.55	7.25	–
Granted	11,250	$	15.00	–	–
Exercised	–	$	–	–	–
Cancelled or forfeited	–	$	–	–	–
Outstanding at December 31, 2024	62,637	$	35.96	6.74	–
Exercisable at December 31, 2024	62,637	$	35.96	6.74	–

Note 10 – Discontinued Operation

On August 5, 2024, the Company and the segment manager of AT Tech Systems LLC reached a tentative oral agreement to terminate his employment and the employment of his two direct report team members. The Company discontinued operations of AT Tech Systems on August 21, 2024, with a termination cost of $22,000.

The carrying amount of assets and liabilities of discontinued operations as of December 31, 2024 and 2023 consist of the following:

		December 31, 2024		December 31, 2023
Current assets of discontinued operations:				
Accounts receivable, net	$	–	$	150,870
Prepaid expenses		–		8,427
Total current assets of discontinued operations	$	–	$	159,297
Current liabilities of discontinued operations:				
Accounts payable and accrued liabilities	$	–	$	47,505
Other current liabilities		–		59,092
Total current liabilities of discontinued operations	$	–	$	106,597

The loss from discontinued operations presented in the statement of operations for the years ended December 31, 2024 and 2023 as follows:

	For the Years Ended December 31,	
	2024	**2023**
Revenue	$ 50,772	$ 611,655
Cost of Revenue	241,327	577,529
Gross Profit (loss)	(190,555)	34,126
Operating Expenses:		
Selling expense	9,834	22,232
General and administrative	81,375	22,915
Total Operating Expenses	91,209	45,147
Loss from Operations	(281,764)	(11,021)
Other Income:		
Other income, net	3,501	3,114
Total other income, net	3,501	3,114
Net Loss	$ (278,263)	$ (7,907)

Total operating cash flows from discontinued operations were $52,700 and $(52,700), respectively, for the years ended December 31, 2024 and 2023, respectively.

Note 11 – 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 a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, the Company has determined that it has two operating and reportable segments. The Company consists of two types of operations. (1) AVX and Smart AVX (inclusive of the smart IoT Products sales under Smart AVX) cooperatively run our "LED and IoT Installation Services" segment, which handles our LED and IoT installation and management business specializing in high performance and easy to use LED and display systems, audio/video systems, home theaters, lighting control, automation, and integration. This includes the Focus and Focus Shenzhen collectively operate our "Corporate and R&D" segment focused on R&D development for the IoT, which involves the non-specific financing, executive expense, operations and investor relations of our public entity, and the general shared management and costs across the Company's subsidiaries that spread across all functional categories and research and development of these IoT technology products and of our smart products into the commercial and home automation sectors. (2) Perfecular and Lusher jointly operate the SEC Financial Software segment, which involves the development, marketing, and production of our SEC Financial Reporting AI-Driven Automation Software package and also includes our universal smart instruments and devices in the hydroponic and controlled agriculture 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 consolidated financial statements. The management team reviews financial information on a consolidated level and allocates resources based on net loss, which also serves as the key metric for evaluating financial performance.

The following tables summarize the financial information of each operating segment of the Company for the year ended December 31, 2024:

	For the Year ended December 31, 2024		
	Perfecular & Lusher	Corporate & IoT	Total
Revenue	$ 26,052	$ 372,085	$ 398,137
Cost of revenue	39,772	348,164	387,936
Gross profit (loss)	(13,720)	23,921	10,201
Operating expenses			
Selling expense	24,866	75,323	100,189
Compensation – officers and directors	–	951,845	951,845
Research and development	213,487	1,168,450	1,381,937
Professional fees	–	1,660,590	1,660,590
General and administrative	19,866	2,096,025	2,115,891
Total operating expense	258,219	5,952,233	6,210,452
Loss from operations	(271,939)	(5,928,312)	(6,200,251)
Total other income	1,329	3,277,047	3,278,376
Loss from discontinued operations, net of tax	–	(278,263)	(278,263)
Net loss	$ (270,610)	$ (2,929,528)	$ (3,200,138)

The following tables summarize the financial information of each operating segment of the Company for the year ended December 31, 2023:

	For the Year ended December 31, 2023		
	Perfecular & Lusher	Corporate & IoT	Total
Revenue	$ 44,147	$ 396,396	$ 440,543
Cost of revenue	36,424	344,460	380,884
Gross profit	7,723	51,936	59,659
Operating expenses			
Selling expense	22,407	96,355	118,762
Compensation – officers and directors	–	1,082,775	1,082,775
Research and development	212,037	1,112,401	1,324,438
Professional fees	–	767,606	767,606
General and administrative	17,101	1,700,763	1,717,864
Total operating expense	251,545	4,759,900	5,011,445
Loss from operations	(243,822)	(4,707,964)	(4,951,786)
Total other income	4,028	237,523	241,551
Loss from discontinued operations, net of tax	–	(7,907)	(7,907)
Net loss	$ (239,794)	$ (4,478,348)	$ (4,718,142)

Note 12 – Contingencies

Pending Litigation

On or about April 13, 2020, Ian Patterson, the Chief Operations Officer of AVX resigned from his position. On May 5, 2020, Mr. Patterson filed an action in the Superior Court for the County of Los Angeles, State of California, against the company, et al. The complaint alleges claims including discrimination, wrongful termination, retaliation and various other provisions of the California Labor Code, and various other claims under California state law. The complaint seeks unspecified economic and non-economic losses, as well as attorneys' fees. We have conducted written discovery, depositions, and expert discovery. We have a motion for summary judgment set to be heard on June 17, 2025. Trial for this matter is set for August 6, 2025. AVX intends to vigorously contest this matter. Further, AVX disputes that the other defendants are proper parties to the litigation. However, litigation and investigations are inherently uncertain, but the outcome could have a material impact on the Company.

Similarly, on or about April 14, 2020, Devesa Sarria, the Sales and Marketing Director, was terminated. On May 13, 2020, she filed an action in the Superior Court for the County of Los Angeles, State of California. The Complaint alleges claims including discrimination, wrongful termination, retaliation and various other provisions of the California Labor Code, and various other claims under California state law. The complaint seeks unspecified economic and non-economic losses, as well as attorneys' fees. We have conducted written discovery, depositions, and expert discovery. Trial for this matter is set for August 13, 2025. AVX intends to vigorously contest this matter. Further, AVX disputes that the other defendants are proper parties to the litigation. However, litigation and investigations are inherently uncertain, but the outcome could have a material impact on the Company.

On August 26, 2024, a former software engineer filed an action against Perfecular Inc., a wholly owned subsidiary of the Company, in the Superior Court for the County of San Bernardino, State of California alleging wrongful termination and other violations of the California Labor Code. The complaint seeks unspecified economic and non-economic losses, as well as attorneys' fees. The Company is investigating and intends to vigorously defend itself in the foregoing matters. The case has currently been stayed until a status conference on September 17, 2025, which is when the expected trial date will be set. However, litigation and investigations are inherently uncertain. The Company does possess EPLI insurance, and the legal team as selected by the insurance company is currently handling the matter. The Company vigorously disputes these allegations.

On October 28, 2024, MGR Real Estate, Inc. a California corporation, filed an action in the Superior Court of the State of California, County of San Bernardino, against the Company. The complaint alleges a variety of things including breach of contract and declaratory relief. The complaint is in connection with a listing agreement executed between the Company and the plaintiff, which plaintiff alleges gave it exclusive rights to list and sale the property located at 2311 E. Locust St., Ontario, CA 91761 (the "Premises"). The complaint seeks damages in a minimum amount of $373,025, plus interest at a rate of 10% per annum. The Company is negotiating a resolution and if such resolution falls through then the Company intends to contest this matter. Management believes it has made a provision for the probable settlement of the outcome in these financial statements. However, since litigation and investigations are inherently uncertain, the outcome may have a material impact on the Company.

Note 13 – Income taxes

The United States of America

The Company is subject to taxation in the United States and certain state jurisdictions. The provision for income taxes differs from the amounts which would be provided by applying the statutory federal income tax rate of 21% to the net loss before provision for income taxes. Accordingly, the Company reevaluated its deferred tax assets on net operating loss carryforward in the U.S. As of December 31, 2024, due to uncertainties surrounding future utilization, the Company recorded a full valuation allowance against the deferred tax assets based upon management's assessment as to their realization.

People's Republic of China

Effective January 1, 2008, the New Taxation Law of PRC stipulates that domestic enterprises and foreign invested enterprises (the "FIEs") are subject to a uniform tax rate of 25%. Under the PRC tax law, companies are required to make quarterly estimate payments based on 25% tax rate; companies that received preferential tax rates are also required to use a 25% tax rate for their installment tax payments. The overpayment, however, will not be refunded and can only be used to offset future tax liabilities.

Our effective tax rate differs from the statutory federal income tax rate, primarily as a result of the changes in valuation allowance, nondeductible permanent differences, credits, and state income taxes.

A reconciliation of the federal statutory income tax to our effective income tax is as follows:

	2024	2023
Federal statutory rates	$ (691,000)	$ (991,000)
State income taxes	(146,000)	(313,000)
Foreign income taxes	(66,000)	(46,000)
Permanent differences	–	–
Valuation allowance against net deferred tax assets	903,000	1,350,000
Effective rate	$ –	$ –

The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities at December 31, 2024 and 2023 is presented below:

	2024	2023
Deferred income tax asset		
Net operating loss carryforwards	$ 7,514,325	$ 6,612,282
Interest	45,128	43,872
Total deferred income tax asset	7,559,453	6,656,154
Less: valuation allowance	(7,559,453)	(6,656,154)
Total deferred income tax asset	$ –	$ –

The Company recognizes valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. The Company's net deferred income tax asset is not more likely than not to be realized due to the lack of sufficient sources of future taxable income and cumulative losses that have resulted over the years. During the year ended December 31, 2024 the valuation allowance increased by $420,448.

As of December 31, 2024, we had cumulative net operating loss carryforwards for federal and state income tax purposes of $24,547,667, and available tax credit carryforwards of approximately $4,701,230 for federal income tax purposes, which can be carried forward to offset future taxable income. The federal net operating loss carryforwards consists of $20,736,041 of losses incurred prior to January 1, 2024 and which can be used to offset 100% of future taxable income and, $1,650,773 of losses incurred after January 1, 2024, which can be used to offset up to 80% of taxable income in subsequent years.

Note 14 – Subsequent Events

On January 28, 2025, the Company filed a Certificate Change pursuant to Nevada Revised Statutes ("NRS") 78.209 with the Secretary of State of the State of Nevada to effect a 1-for-10 reverse stock split of the Company's (i) authorized common stock shares and (ii) issued and outstanding common stock shares. The reverse stock split became effective on January 31, 2025. All common stock shares, options, warrants and securities convertible or exercisable into common stock shares have been adjusted to give retroactive effect to this reverse stock split for all periods presented.

An additional 65,947 common stock shares were included in the Company's issued and outstanding shares as a result of rounding-up fractional shares into whole shares as a result of the reverse stock split.

On February 20, 2025, the Company received formal written confirmation from The Nasdaq Stock Market, LLC ("Nasdaq"), confirming that Nasdaq has determined that for the last 13 consecutive business days, from January 31, 2025, to February 19, 2025, the closing bid price of the Company's shares has been at $1.00 per share or greater. Accordingly, the Company has regained compliance with Listing Rule 5550(a)(2). The Company has regained compliance with Nasdaq's minimum bid price requirement, noting that this matter is now closed.

The Company has evaluated all other subsequent events through the date these consolidated financial statements were issued and determined that there were no other subsequent events or transactions that require recognition or disclosures in the consolidated financial statements.

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

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls

Our Chief Executive Officer and Principal Financial Officer, after evaluating the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Annual Report on Form 10-K (the "Evaluation Date"), concluded that as of the Evaluation Date, our disclosure controls and procedures were not effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

Based on their evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2024, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures were not effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. 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. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. GAAP.

As of December 31, 2024, management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control-Integrated Framework of 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on that evaluation under this framework, our management concluded that as of December 31, 2024, our internal control over financial reporting was not effective because of the following material weaknesses:

- Due to our small number of employees and resources, we have limited segregation of duties, as a result of which there is insufficient independent review of duties performed.

- Due to our small number of employees and resources, we have limited segregation of duties, as a result of which do not have the ability to implement internal controls over the granting of access to our IT environment.

- As a result of the limited number of accounting personnel, we rely on inexperienced staff and outside consultants for the preparation of our financial reports, including tax preparation, which could require adjustments and lead to overlooking items requiring disclosure. As a result, we had ineffective controls over our financial statement closing and reporting process.

- As a result of the Company's limited financial and personnel resources, there may be difficulties in timely analyzing and identifying potential operational and disclosure transactions within management and to comply with financial reporting regulations.

We are working to remediate the deficiencies and material weaknesses. Our remediation efforts are ongoing, and we will continue our initiatives to implement and document policies, procedures, and internal controls. We have taken steps to enhance our internal control environment and plan to take additional steps to remediate the deficiencies and address material weaknesses. In addition, we continue to evaluate, remediate and improve our internal control over financial reporting, executive management may elect to implement additional measures to address control deficiencies or may determine that the remediation efforts described above require modification. Executive management, in consultation with and at the direction of our Audit Committee, will continue to assess the control environment and the above-mentioned efforts to remediate the underlying causes of the identified material weaknesses.

Although we plan to complete this remediation process as quickly as possible, we are unable, at this time to estimate how long it will take; and our efforts may not be successful in remediating the deficiencies or material weaknesses.

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to rules of the SEC that permit the company to provide only management's report on internal control in this annual report.

Changes in Internal Controls

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the period ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. OTHER INFORMATION

During the quarter ended December 31, 2024, no director or officer adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table presents information with respect to our officers, directors and significant employees as of the date of this report:

Name	Position	Age
Dr. Edward Lee*	Director and Chairman	62
Dr. Desheng Wang**	Chief Executive Officer, Secretary, and Director	61
Irving Kau******	Chief Financial Officer	50
Michael Pope****	Director (1)	45
Carine Clark****	Director (1)	62
Sean Warren*****	Director (1)	54

* Appointed director on October 21, 2015
** Appointed director on December 29, 2014
**** Appointed director on June 8, 2018
***** Appointed director on August 10, 2022
****** Appointed officer on November 18, 2022
(1) Independent director

Each director serves until our next annual meeting of the stockholders or unless they resign earlier and serves until his or her successor is elected and qualified. At the present time, members of the Board of Directors are not compensated with cash for their services to the board.

Each of our officers is elected by the Board of Directors to a term of one (1) year and serves until his or her successor is duly elected and qualified, or until he or she is removed from office.

Biographical Information Regarding Officers and Directors

Desheng Wang

Dr. Desheng Wang was appointed as Chief Executive Officer, Secretary, and has been a director since December 29, 2014. Dr. Wang has over 20 years of professional experience in mobile technology. Dr. Wang earned his bachelor’s degree from Hebei Normal University, Physics Department in 1985. In 1988, Dr. Wang earned his master’s degree from Dalian Institute of Chemical Physics at the Chinese Academy of Science. Dr. Wang earned his Ph.D. in Chemistry at Emory University in 1994. Dr. Wang served as a senior research fellow at California Institute of Technology from 1994-2011. Over the last five years, Dr. Wang has served as president of Vitashower Corporation and formerly as President of Perfecular Inc.

Edward Lee

Dr. Edward Lee was appointed President and director on October 21, 2015. On November 15, 2019, Dr. Lee resigned as President and was appointed as Chairman of the Board of Directors. Dr. Lee received his bachelor's degree in Mathematics at Lanzhou University in 1983, received his master's degree at University of Science and Technology of China in 1985 and earned his Ph.D. in Mathematics at University of Florida in 1991. Dr. Lee worked as an assistant professor at Tsinghua University in 1986 and National University of Singapore in 1992. Since 1996, Dr. Lee has served as CEO of AIDP, a leading supplier of dietary supplement ingredients, focusing on research and development and marketing and sales of proprietary ingredients like Magtein, KoACT, Predtic X, and Actizin. Dr. Lee is also serving as the Vice Chairperson of the American Chinese CEO Association. Dr. Lee is married to Jennifer Gu, a former director of Focus Universal.

Irving Kau

Irving Kau was appointed as Chief Financial Officer on November 18, 2022, prior to that he served as Focus Universal's Vice President of Finance and Head of Investor Relations since November 10, 2021. Prior to joining the Company, Mr. Kau served as a Managing Partner of both Elementz Ventures and KW Capital Partners, and during his tenure he successfully invested and grew companies across various geographies. The Company expects that as CFO, Mr. Kau will assist with many matters in the near future, including building up the Company's internal businesses, processes and controls, the Company's external outreach and growth measures, as well as strengthen the Company's financial reporting and the investor relations. Prior to his work at Elementz Ventures and KW Capital Partners, Mr. Kau served as the head of Asia at GHS (now known as Seaport Global). Mr. Kau also previously served for approximately 10 years as Chief Financial Officer of an AgBiotech company Origin Agritech Limited (Nasdaq: SEED). During his tenure, shareholders included Wellington Management, Fidelity Investments, Citadel Investments, Heartland Fund, Mitsubishi UFJ, amongst others. Mr. Kau received undergraduate degrees from Johns Hopkins University and a graduate degree from Rice University and pursued a PhD degree in Business Strategy (economics) at USC.

Michael Pope

Michael Pope was appointed as a director of the Company on June 8, 2018. Mr. Pope serves as the CEO and Chairman at Boxlight Corporation (Nasdaq: BOXL), a global provider of interactive technology solutions, where he has been an executive since July 2015 and director since September 2014. Mr. Pope has led Boxlight through nine acquisitions from 2016 to 2020, a Nasdaq IPO in November 2017, and over $100 million in debt and equity fundraising. He previously served as Managing Director at Vert Capital, a private equity and advisory firm from October 2011 to October 2016, managing portfolio holdings in the education, consumer products, technology and digital media sectors. Prior to joining Vert Capital, from May 2008 to October 2011, Mr. Pope was Chief Financial Officer and Chief Operating Officer for the Taylor Family in Salt Lake City, managing family investment holdings in consumer products, professional services, real estate and education. Mr. Pope also held positions including senior SEC reporting at Omniture (previously listed on Nasdaq and acquired by Adobe (Nasdaq: ADBE) in 2009) and Assurance Associate at Grant Thornton. Since January 2021, Mr. Pope has served as a member of the board of directors of Novo Integrated Sciences, Inc. (OTCQB: NVOS), a provider of multi-dimensional primary healthcare products and services. He holds an active CPA license and earned his undergraduate and graduate degrees in accounting from Brigham Young University.

Sean Warren

Sean Warren is a seasoned executive with over 25 years of experience in technology and enterprise technology systems. He brings a wealth of expertise with strengths in areas such as software development, cloud management, enterprise infrastructure development and full spectrum of IT compliance. Sean has been the CIO of Mountain Medical, Veyo Medical and VP of IT at Larry Miller. He has worked for technology companies as Omniture, Adobe and served as the director of cloud operations at Domo from 2016 to 2018. From 2019-2021, Mr. Warren served as the VP of OPSA Change Advisory at Wells Fargo, and since 2021 to the present works as the VP of Global Platform Services at Cotiviti where he manages over 1,000 employees globally in four countries. Sean is fluent in Spanish and graduated from Florida State University in accounting. Mr. Warren previously served on our board of directors from June 2018 to November 28, 2018.

Carine Clark

Carine Clark was appointed as an independent director of the Company on June 8, 2018. Ms. Clark has served as president and CEO of four high-growth tech companies. In March 2019, Ms. Clark was appointed to the board of directors of Domo, Inc. (NASDAQGM: DOMO) and is currently serving as a member of Domo's compensation committee. Since 2017 she has served as an Executive Board Member of the Utah Governor's Office of Economic Development and Silicon Slopes, a non-profit helping Utah's tech community thrive. Prior to that, Ms. Clark served from January 2015 to December 2016 as the President and CEO of MartizCX. From December 2012 to December 2016, Ms. Clark served as the President and CEO of Allegiance, Inc. Her reputation as a data-driven marketing executive at Novell for 14 years, Altiris for five years, and Symantec for more than 10 years. She has received numerous awards including the EY Entrepreneur of The Year® Award in the Utah Region and Utah Business Magazine's CEO of the Year. Ms. Clark earned a bachelor's degree in organizational communications and an MBA from Brigham Young University.

Corporate Governance

Our Board of Directors currently consists of five members. Our Chairperson of the Board of Directors is Dr. Edward Lee. Dr. Edward Lee and Dr. Desheng Wang are the two members of our Board of Directors who are not independent directors. Michael Pope, Sean Warren, and Carine Clark are the three members of our Board of Directors who are independent directors.

Director Attendance at Meetings

Our Board of Directors conducts its business through meetings, both in person and telephonic, and by actions taken by written consent in lieu of meetings. During the year ended December 31, 2024, our Board of Directors held four meetings. All directors attended at least 75% of the meetings of our Board of Directors and of the committees of our Board of Directors on which they served during 2024.

Our Board of Directors encourages all directors to attend our annual meetings of stockholders unless it is not reasonably practicable for a director to do so.

Committees of our Board of Directors

Our Board of Directors has established and delegated certain responsibilities to its standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee.

Audit Committee

We have a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee's primary duties and responsibilities include monitoring the integrity of our financial statements, monitoring the independence and performance of our external auditors, and monitoring our compliance with applicable legal and regulatory requirements. The functions of the Audit Committee also include reviewing periodically with our independent registered public accounting firm the performance of the services for which they are engaged, including reviewing the scope of the annual audit and its results, reviewing with management and the auditors the adequacy of our internal accounting controls, reviewing with management and the auditors the financial results prior to the filing of quarterly and annual reports, reviewing fees charged by our independent registered public accounting firm and reviewing any transactions between our Company and related parties. Our independent registered public accounting firm reports directly and is accountable solely to the Audit Committee. The Audit Committee has the sole authority to hire and fire the independent registered public accounting firm and is responsible for the oversight of the performance of their duties, including ensuring the independence of the independent registered public accounting firm. The Audit Committee also approves in advance the retention of, and all fees to be paid to, the independent registered public accounting firm. The rendering of any auditing services and all non-auditing services by the independent registered public accounting firm is subject to prior approval of the Audit Committee.

The Audit Committee operates under a written charter. The Audit Committee is required to be composed of directors who are independent under the rules of the SEC and the listing standards of The NASDAQ Stock Market LLC ("NASDAQ").

The current members of the Audit Committee are directors Michael Pope, the Chairperson of the Audit Committee, Ms. Carine Clark, and Mr. Sean Warren, all of whom have been determined by the Board of Directors to be independent under the NASDAQ listing standards and rules adopted by the SEC applicable to audit committee members. The Board of Directors has determined that Mr. Michael Pope qualifies as an "audit committee financial expert" under the rules adopted by the SEC and the Sarbanes-Oxley Act. The Audit Committee met four times during 2024.

Compensation Committee

The primary duties and responsibilities of our standing Compensation Committee are to review, modify and approve the overall compensation policies for the Company, including the compensation of the Company's Chief Executive Officer and other senior management; establish and assess the adequacy of director compensation; and approve the adoption, amendment and termination of the Company's stock option plans, pension and profit-sharing plans, bonus plans and similar programs. The Compensation Committee may delegate to one or more officers the authority to make grants of options and restricted stock to eligible individuals other than officers and directors, subject to certain limitations. Additionally, the Compensation Committee has the authority to form subcommittees and to delegate authority to any such subcommittee. The Compensation Committee also has the authority, in its sole discretion, to select, retain and obtain, at the expense of the Company, advice and assistance from internal or external legal, accounting or other advisors and consultants. Moreover, the Compensation Committee has sole authority to retain and terminate any compensation consultant to assist in the evaluation of director, Chief Executive Officer or senior executive compensation, including sole authority to approve such consultant's reasonable fees and other retention terms, all at the Company's expense.

The Compensation Committee operates under a written charter. All members of the Compensation Committee must satisfy the independence requirements of NASDAQ applicable to compensation committee members.

The Compensation Committee currently consists of directors Ms. Carine Clark, Mr. Sean Warren, and Mr. Michael Pope. Ms. Carine Clark is the Chairperson of the Compensation Committee. Each of the Compensation Committee members has been determined by the Board of Directors to be independent under NASDAQ listing standards applicable to compensation committee members. The Compensation Committee met four times during 2024.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee identifies, reviews, and evaluates candidates to serve on the Board; reviews and assesses the performance of the Board of Directors and the committees of the Board; and assesses the independence of our directors. The Nominating and Corporate Governance Committee is also responsible for reviewing the composition of the Board's committees and making recommendations to the entire Board of Directors regarding the chairpersonship and membership of each committee. In addition, the Nominating and Corporate Governance Committee is responsible for developing corporate governance principles and periodically reviewing and assessing such principles, as well as periodically reviewing the Company's policy statements to determine their adherence to the Company's Code of Business Conduct and Ethics.

The Nominating and Corporate Governance Committee has adopted a charter that identifies the procedures whereby Board of Director candidates are identified primarily through suggestions made by directors, management, and stockholders of the Company. We have implemented no material changes in the past year to the procedures by which stockholders may recommend nominees for the Board. The Nominating and Corporate Governance Committee will consider director nominees recommended by stockholders that are submitted in writing to the Company's Corporate Secretary in a timely manner and which provide necessary biographical and business experience information regarding the nominee. The Nominating and Corporate Governance Committee does not intend to alter the manner in which it evaluates candidates, including the criteria considered by the Nominating Committee, based on whether or not the candidate was recommended by a stockholder. The Board of Directors does not prescribe any minimum qualifications for director candidates, and all candidates for director will be evaluated based on their qualifications, diversity, age, skill and such other factors as deemed appropriate by the Nominating and Corporate Governance Committee given the current needs of the Board of Directors, the committees of the Board of Directors and the Company. Although the Nominating and Corporate Governance Committee does not have a specific policy on diversity, it considers the criteria noted above in selecting nominees for directors, including members from diverse backgrounds who combine a broad spectrum of experience and expertise. Absent other factors which may be material to its evaluation of a candidate, the Nominating and Corporate Governance Committee expects to recommend to the Board of Directors for selection incumbent directors who express an interest in continuing to serve on the Board. Following its evaluation of a proposed director's candidacy, the Nominating and Corporate Governance Committee will make a recommendation as to whether the Board of Directors should nominate the proposed director candidate for election by the stockholders of the Company.

The Nominating and Corporate Governance Committee operates under a written charter. No member of the Nominating and Corporate Governance Committee may be an employee of the Company, and each member must satisfy the independence requirements of NASDAQ and the SEC.

The Nominating and Corporate Governance Committee currently consists of directors Mr. Sean Warren, who is the Chairperson of the committee, Mr. Michael Pope and Ms. Carine Clark. Each of the members of the Nominating and Corporate Governance Committee has been determined by the Board of Directors to be independent under NASDAQ listing standards. The Nominating and Corporate Governance Committee met four times in 2024.

Oversight of Risk Management

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including economic risks, financial risks, legal and regulatory risks and others, such as the impact of competition. Management is responsible for the day-to-day management of the risks that we face, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board of Directors is responsible for satisfying itself that the risk management processes designed and implemented by management are adequate and functioning as designed. Our Board of Directors assesses major risks facing our Company and options for their mitigation to promote our stockholders' interests in the long-term health of our Company and our overall success and financial strength. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for us. The involvement of our full Board of Directors in the risk oversight process allows our Board of Directors to assess management's appetite for risk and also determine what constitutes an appropriate level of risk for our Company. Our Board of Directors regularly includes agenda items at its meetings relating to its risk oversight role and meets with various members of management on a range of topics, including corporate governance and regulatory obligations, operations and significant transactions, risk management, insurance, pending and threatened litigation and significant commercial disputes.

While our Board of Directors is ultimately responsible for risk oversight, various committees of our Board of Directors oversee risk management in their respective areas and regularly report on their activities to our entire Board of Directors. In particular, the Audit Committee has the primary responsibility for the oversight of financial risks facing our Company. The Audit Committee's charter provides that it will discuss our major financial risk exposures and the steps we have taken to monitor and control such exposures. Our Board of Directors has also delegated primary responsibility for the oversight of all executive compensation and our employee benefit programs to the Compensation Committee. The Compensation Committee strives to create incentives that encourage a level of risk-taking behavior consistent with our business strategy.

We believe the division of risk management responsibilities described above is an effective approach for addressing the risks facing our Company and that our Board's leadership structure provides appropriate checks and balances against undue risk taking.

Code of Business Conduct and Ethics

Our Board of Directors has adopted a code of ethical conduct that applies to our principal executive officer, principal financial officer and senior financial management. This code of ethical conduct is embodied within our Code of Business Conduct and Ethics, which applies to all persons associated with our Company, including our directors, officers, and employees (including our principal executive officer, principal financial officer, principal accounting officer and controller). To satisfy our disclosure requirements under Item 5.05 of Form 8-K, we will disclose amendments to, or waivers of, certain provisions of our Code of Business Conduct and Ethics relating to our chief executive officer, chief financial officer, chief accounting officer, controller or persons performing similar functions on our website promptly following the adoption of any such amendment or waiver. The Code of Business Conduct and Ethics provides that any waivers of, or changes to, the code that apply to the Company's executive officers or directors may be made only by the Audit Committee. In addition, the Code of Business Conduct and Ethics includes updated procedures for non-executive officer employees to seek waivers of the code.

Director Independence

Our Company is governed by our Board. Currently, each member of our Board, other than Dr. Edward Lee and Dr. Desheng Wang, are an independent director; and all standing committees of our Board of Directors are composed entirely of independent directors, in each case under NASDAQ's independence definition applicable to boards of directors. For a director to be considered independent, our Board of Directors must determine that the director has no relationship which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Members of the Audit Committee also must satisfy a separate SEC independence requirement, which provides that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from us or any of our subsidiaries other than their directors' compensation. In addition, under SEC rules, an Audit Committee member who is an affiliate of the issuer (other than through service as a director) cannot be deemed to be independent. In determining the independence of members of the Compensation Committee, NASDAQ listing standards require our Board of Directors to consider certain factors, including, but not limited to: (1) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by us to the director, and (2) whether the director is affiliated with us, one of our subsidiaries or an affiliate of one of our subsidiaries. Under our Compensation Committee Charter, members of the Compensation Committee also must qualify as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and as "non-employee directors" for purposes of Rule 16b-3 under the Exchange Act. The independent members of the Board of Directors are Michael Pope, Sean Warren, and Carine Clark.

Item 11: EXECUTIVE COMPENSATION

Compensation of Officers

The following summary compensation table sets forth information concerning compensation for services rendered in all capacities during 2024 and 2023 awarded to, earned by or paid to our executive officers.

Summary Compensation Table

(a) Name and Principal Position	(b) Year	(c) Salary ($)*	(d) Bonus ($)	(e) Stock Awards ($)	(f) Option Awards ($)	(g) Non-Equity Incentive Plan Compensation (S)	(h) Change in Pension Value & Non-qualified Deferred Compensation Earnings ($)	(i) All Other Compensation ($)	(j) Totals ($)
Desheng Wang	2024	120,000	0	0	29,595	21,020	0	0	170,615
CEO, Secretary and Director	2023	122,308	0	0	85,845	21,020	0	0	229,173
Irving Kau	2024	200,000	0	0	0	4,741	0	0	204,741
Chief Financial Officer	2023	203,532	0	0	0	18,575	0	0	222,107

Narrative Disclosure Requirement for Summary Compensation Table

Compensation

Dr. Desheng Wang entered into an employment agreement with the Company whereby the Company agreed to pay Dr. Wang a salary of $120,000 per year, payable monthly, for his services as Chief Executive Officer, effective as of November 1, 2018. We have not provided our other named executive officers with perquisites or other personal benefits. Irving Kau was appointed as the Company's Chief Financial Officer on November 18, 2022. Mr. Kau has executed and employment agreement with the Company, dated November 3, 2021, for the provision of services as VP of Finance. Mr. Kau's employment agreement included a salary and certain equity incentive. Mr. Kau would receive up to 1,500 shares of the Company's common stock per year, vesting in 4 installments of 375 shares at the end of each calendar quarter, provided that certain metrics are achieved. No other officer or director has formally entered into any compensation arrangement for services provided under consulting agreements or employment agreements.

Retirement, Resignation or Termination Plans

We sponsor no plan, whether written or verbal, that would provide compensation or benefits of any type to an executive upon retirement, or any plan that would provide payment for retirement, resignation, or termination as a result of a change in control of our company or as a result of a change in the responsibilities of an executive following a change in control of our company.

Directors' Compensation

The persons who served as affiliated members of our Board of Directors, including executive officers, did not receive any cash compensation for services as directors in 2023 or 2024. As of the date of this report, no director has formally entered into any compensation arrangement for services provided under consulting agreements or employment agreements.

As of the date of this annual report, all directors have been issued 2,250 options per person pursuant to our 2018 Stock Option Plan and such options will vest over a period of one year. In 2024 and 2023, all independent directors were paid $40,000 cash.

Option Exercises and Stock Vested

On December 17, 2018, the Company adopted the 2018 Stock Option Plan (the "2018 Stock Option Plan") whereby the Company reserved for issuance 100,000 shares of common stock and agreed that such shares shall, when issued and paid for in accordance with the provisions of the 2018 Stock Option Plan, constitute validly issued, fully paid and non-assessable shares of common stock.

Pension Benefits and Nonqualified Deferred Compensation

The Company does not maintain any qualified retirement plans or non-nonqualified deferred compensation plans for its employees or directors.

Director and Executive Officer Outstanding Equity Awards at Fiscal Year-End

The following table provides certain information concerning any common share purchase options, stock awards or equity incentive plan awards held by each of our named executive officers that were outstanding as of December 31, 2024.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
Edward Lee - Chairman	4,500	–	–	38.00	August 6, 2029	–	–	–	–
	2,250	–	–	20.00	December 10, 2030	–	–	–	–
	2,250	–	–	59.10	December 30, 2031	–	–	–	–
	2,250	–	–	42.70	December 30, 2032	–	–	–	–
	2,250	–	–	14.90	December 31, 2033	–	–	–	–
	2,250	–	–	4.75	December 31, 2034	–	–	–	–
Desheng Wang - CEO, Secretary	4,500	–	–	38.00	August 6, 2029	–	–	–	–
	2,250	–	–	20.00	December 10, 2030	–	–	–	–
	2,250	–	–	59.10	December 30, 2031	–	–	–	–
	2,250	–	–	42.70	December 30, 2032	–	–	–	–
	2,250	–	–	14.90	December 31, 2033	–	–	–	–
	2,250	–	–	4.75	December 31, 2034	–	–	–	–
Irving Kau - CFO		–	–	–	–	–	–	–	–
Michael Pope	938	–	–	59.10	December 30, 2031	–	–	–	–
	2,250	–	–	42.70	December 30, 2032	–	–	–	–
	2,250	–	–	14.90	December 31, 2033	–	–	–	–
	2,250	–	–	4.75	December 31, 2034	–	–	–	–
Carine Clark	4,500	–	–	38.00	August 6, 2029	–	–	–	–
	2,250	–	–	20.00	December 10, 2030	–	–	–	–
	2,250	–	–	59.10	December 30, 2031	–	–	–	–
	2,250	–	–	42.70	December 30, 2032	–	–	–	–
	2,250	–	–	14.90	December 31, 2033	–	–	–	–
	2,250	–	–	4.75	December 31, 2034	–	–	–	–
Sean Warren	2,250	–	–	42.70	December 30, 2032	–	–	–	–
	2,250	–	–	14.90	December 31, 2033	–	–	–	–
	2,250	–	–	4.75	December 31, 2034	–	–	–	–

Narrative Disclosure Requirement Regarding Awards of Options

The information required by this Item is incorporated by reference to the sections of our 2025 Proxy Statement.

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

The following table sets forth certain information regarding beneficial ownership of our common stock as of December 31, 2024: (i) by each of our directors, (ii) by each of the Named Executive Officers, (iii) by all of our executive officers and directors as a group, and (iv) by each person or entity known by us to beneficially own more than five percent (5%) of any class of our outstanding shares. As of December 31, 2024, there were 7,153,647 shares of our common stock outstanding:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percentage of Beneficial Ownership %
Common	Desheng Wang, CEO, and Director	2,262,800	32%
Common	Edward Lee, Chairman and Director	1,202,250	16.8%
Common	Yan Chen	442,035	6.2%
Common	Michael Pope	7,920	*
Common	Irving Kau	3,600	*
Common	Carine Clark	15,750	*
Common	Sean Warren	6,750	*

*Less than 1%

(1) Applicable percentage of ownership is based on 7,153,647 shares of common stock outstanding on December 31, 2024.

Percentage ownership is determined based on shares owned together with securities exercisable or convertible into shares of common stock within 60 days of December 31, 2024, for each stockholder. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to securities exercisable or convertible into shares of common stock that are currently exercisable or exercisable within 60 days of December 31, 2024, are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Our common stock is our only issued and outstanding class of securities eligible to vote.

As of December 31, 2024, there were 3,965,065 shares of common stock outstanding owned or exercisable by our officers and directors.

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

Consulting services provided by the President, Chief Executive Officer, Secretary, Treasurer and Chief Financial Officer for the years ended December 31, 2024 and 2023 were as follows:

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
President	$ 0	$ 0
Chief Executive Officer, Secretary and Treasurer	141,000	143,328
Chief Financial Officer	204,740	231,395
	$ 345,740	$ 374,723

Director Independence

A director is not considered to be independent if he or she is also an executive officer or employee of the corporation. Our director Edward Lee is also our Chairman; our director Desheng Wang is also our Chief Executive Officer. The rest of our directors are independent directors.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

On January 19, 2023, we changed our independent auditor to Reliant CPA PC (the "Former Auditor"). On January 12, 2024, the Company notified the Former Auditor that the Company is dismissing it as the independent registered public accounting firm of the Company. On January 5, 2024, the Company engaged Weinberg & Company, P.A. (the "New Auditor") as its independent PCAOB registered public accounting firm for the Company's fiscal year ended December 31, 2023 and 2024. The recommendation to engage the New Auditor as the Company's independent registered public accounting firm was approved by the Company's Audit Committee and the Company's Board of Directors as it being in the best interests of the Company.

For the years ended December 31, 2024 and 2023, we incurred fees as discussed below:

	Year ended December 31, 2024	Year ended December 31, 2023
Audit fees	$ 169,595	$ 92,000
Audit – related fees	$ Nil	$ Nil
Tax fees	$ Nil	$ Nil
All other fees	$ Nil	$ Nil

Audit fees consist of fees related to professional services rendered in connection with the audit of our annual financial statements and review of our quarterly financial statements. Tax fees represent fees related to preparation of our corporation income tax returns. Our policy is to pre-approve all audit and permissible non-audit services performed by the independent accountants. These services may include audit services, audit-related services, tax services and other services.

PART IV

Item 15. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1(a)	Articles of Incorporation of Focus Universal Inc., as filed with the SEC on December 26, 2013.
3.1(b)	Amended and Restated Articles of Incorporation of Focus Universal Inc., filed with the Secretary of State of the State of Nevada on December 13, 2024, as filed with the SEC on December 18, 2024 (incorporated by reference to Exhibit 3.1 of Form 8-K filed on December 18, 2024).
3.1(c)	Certificate of Change filed with the Nevada Secretary of State on January 28, 2025, as filed with the SEC on January 29, 2025 (incorporated by reference to Exhibit 3.1 of Form 8-K filed on January 29, 2025.)
3.2	Amended and Restated Bylaws, as filed with the SEC on October 22, 2019.
10.1	2018 Equity Incentive Plan, as filed with the SEC on December 28, 2018.
10.7(a)	Employment Agreement by and between the Company and Irving Kau, dated November 3, 2021, as filed with the SEC on March 31, 2023.
10.7(b)	Amendment to I. Kau Employment Agreement, dated November 3, 2022, as filed with the SEC on March 31, 2023 (previously mislabeled as Exhibit 10.8).
10.8	Promissory Note with Chase Bank, dated March 10, 2021 for $108,750 SBA Loan, as filed with the SEC on March 23, 2021.
10.9	Secured Promissory Note with East West Bank, dated January 8, 2021 for $1,500,000, as filed with the SEC on March 23, 2021.
10.10	Loan Agreement with Golden Sunrise Investment LLC, dated March 15, 2021 for $1,500,000, as filed with the SEC on March 23, 2021.
10.11	Company Guarantee Agreement with Golden Sunrise Investment LLC, dated March 15, 2021, as filed with the SEC on March 23, 2021.
10.12	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.
10.13	At the Market Sales Agreement, dated December 9, 2022, with Sutter Securities, as filed with the SEC on December 12, 2022 (previously mislabeled as Exhibit 10.1).
10.14	Asset Purchase Agreement, dated December 19, 2022 with AT Tech Systems, as filed with the SEC on March 31, 2023 (previously mislabeled as Exhibit 10.10).
10.15	Articles of Organization of Lusher Bioscientific, LLC, as filed with the SEC on March 31, 2023 (previously mislabeled as Exhibit 10.11).
10.16	Bylaws of Lusher Bioscientific, as filed with the SEC on March 31, 2023 (previously mislabeled as Exhibit 10.12).
10.17	Articles of Organization of AT Tech Systems, LLC, as filed with the SEC on March 31, 2023 (previously mislabeled as Exhibit 10.13).
10.18	Operating Agreement of AT Tech Systems, LLC, as filed with the SEC on March 31, 2023 (previously mislabeled as Exhibit 10.14.).
10.19	Loan Agreement with Ziling Gao dated January 4, 2024, as filed with the SEC on December 31, 2023 (previously mislabeled as Exhibit 10.15).
10.20	Standard Offer for Purchase of Real Estate with 620Magnolia LLC dated February 15, 2024, as filed with the SEC on February 27, 2024 (previously mislabeled as Exhibit 10.1).
10.21	Guaranty of Lease with 620Magnolia LLC dated February 22, 2024, as filed with the SEC on February 27, 2024 (previously mislabeled as Exhibit 10.2).
10.22	Lease Agreement with 620Magnolia LLC dated February 22, 2024, as filed with the SEC on February 27, 2024 (previously mislabeled as Exhibit 10.3).
10.23	Rent Adjustment(s) with 620 Magnolia LLC, as filed with the SEC on February 27, 2024 (previously mislabeled as Exhibit 10.4).
10.24	Standard Offer, Agreement, and Escrow Instructions with Silver Music LLC dated May 7, 2024, as filed with the SEC on July 8, 2024 (previously mislabeled as Exhibit 10.1).
10.25	Standard Industrial/Commercial Single-Tenant Lease with Veena Asset Management LLC dated July 8, 2024, as filed with the SEC on July 8, 2024 (previously mislabeled as Exhibit 10.2).
10.26	Form of Placement Agency Agreement with Univest Securities, LLC, dated September 15, 2024, as filed with the SEC on September 15, 2024 (previously mislabeled as Exhibit 10.1).
10.27	Form of Securities Purchase Agreement with certain Purchasers, dated September 15, 2024, as filed with the SEC on September 15, 2024 (previously mislabeled as Exhibit 10.2).
10.28	Securities Purchase Agreement dated November 16, 2024 with Alumni Capital LP., as filed with the SEC on November 16, 2024 (previously mislabeled as Exhibit 10.1).
19	Insider Trading Policy
21.1	List of Subsidiaries, as filed with the SEC on April 1, 2024.
23.1	Consent of Weinberg & Company P.A.
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
97.0	Policy for the Recovery of Erroneously Awarded Compensation, as filed with the SEC on April 1, 2024.
99.1	Press Release by Focus Universal Inc. dated January 29, 2025 (incorporated by reference to Exhibit 99.1 of Form 8-K filed on January 29, 2025).
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)**
101.SCH	Inline XBRL Taxonomy Extension Schema Document**
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document**
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Item 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

Date: February 28, 2025

FOCUS UNIVERSAL INC.

By: /s/ Desheng Wang
Desheng Wang
Chief Executive Officer, Secretary, and Director

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

SIGNATURES	TITLE	DATE
/s/ Desheng Wang Desheng Wang	Chief Executive Officer, Secretary and Director	February 28, 2025

Focus Universal Inc., a Nevada corporation

/s/ Desheng Wang
By Desheng Wang, its CEO

Exhibit 19

FOCUS UNIVERSAL INC.
THE SECURITIES TRADING POLICY

BACKGROUND

Focus Universal Inc. (the "Company") prohibits Insider Trading by its directors, officers, and employees, as outlined in this Securities Trading Policy ("Policy").

Insider Trading is generally defined as purchasing or selling the Company's securities at a time when one is in possession of material non-public information about the Company and/or passing on that information to others. Insider Trading can result in significant civil and criminal penalties (i) for persons who trade in the securities of the Company, (ii) for persons who provide the inside information used by others who trade in the Company's securities, and (iii) for the failure of controlling persons (such as directors or department managers) or the Company to take appropriate steps to prevent such acts before they occur. Equally important, any appearance in the market of impropriety on the part of the Company or its insiders could impair investor confidence in the Company and severely damage the Company's reputation and business relationships.

Accordingly, the Company requires that its directors, officers, and employees comply with the Policy so that reasonable efforts are made to prohibit Insider Trading and avoid even the appearance of improper conduct. Moreover, although the Policy is expressly not intended to result in the imposition of additional legal liabilities that would not otherwise exist, the Company will consider any failure to observe these procedures a matter of extreme seriousness, including grounds for dismissal with cause.

The consequences of violating Insider Trading laws are overwhelming, and include, but are not limited to the following:

For individuals who trade on inside information (or tip information to others):

1) Potential civil liability of up to three (3) times the profit gained, or loss avoided;

2) Potential criminal liability (no matter how small the profit) of up to $1 million; and

3) Possible imprisonment of up to ten (10) years.

For the Company (as well as any other "controlling person," which can include supervisory personnel) that fails to take appropriate steps to prevent illegal trading:

1) Potential civil liability of the greater of $1 million or three (3) times the profit gained, or loss avoided as a result of the employee's violation; and

2) Potential criminal liability of up to $2.5 million.

THE POLICY

1. **Prohibition Against Trading on or Disclosing Inside Information.** If any director, officer, or employee of the Company has material information relating to the Company which has not yet been made public, neither that person nor any family members may buy or sell securities of the Company, or engage in any action to take advantage of, or pass on to others, that information until after such information has been generally disseminated to the public by press release or otherwise. As a rule of thumb, information has been generally disseminated to the public on the third business (trading) day following its public announcement. Thus, if an announcement is made on Friday, no trade should be executed before Wednesday, assuming in each case that all intervening week days are business (trading) days. However, this rule is only a guide and, as discussed below, you must pre-clear all trades with the Company's CCO. This Policy also applies to material non-public information relating to any other company, including our suppliers or customers, obtained in the course of your employment. Thus, if any Company employee obtains material information about a supplier or customer which is not yet public, he should refrain from trading in the stock of the other company until a public announcement is made.

2. **Pre-clearance of All Trades by Directors, Officers, and Employees.** To provide assistance in preventing unintentional Insider Trading violations and avoiding even the appearance of an improper transaction (which could result, for example, where a person engages in a trade while unaware of a pending development), all proposed transactions in Company stock by directors, officers, and employees of the Company, must be cleared at least twenty-four (24) hours in advance of the trade by completing and submitting the Company's Securities Transaction Report (included as Exhibit A) to the Company's Attorney, the Chief Financial Officer, the Chief Operating Officer or as a last resort, the Company's outside SEC legal counsel. This requirement does not apply to the purchase of stock through stock option or warrant exercises, but would cover sales of the stock received upon the exercise of an option, and purchases and sales of puts, calls, straddles, options or warrants.

3. **Material Information.** You should assume that any information, positive or negative, which might affect the Company's stock price, or otherwise might be of significance to an investor in determining whether to purchase, sell, or hold the Company's stock, would be considered "material." If there are any questions regarding materiality, please contact the CCO, or if unavailable, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer or the Company's outside SEC legal counsel.

4. **Family Members.** This Policy applies equally to your spouse and any relative living in your household. It also includes any corporations, trusts, limited liability corporations, partnerships or other entities that are directly controlled by you, your spouse and/or your children or relatives living with you. Employees are expected to be responsible for the trading activities of their family members. The Policy is also applicable to any transaction made by **any person** upon your recommendation and applies to transactions, in the name of any such person, by a trust or custodial account of which any such person is the beneficiary, in street name (i.e., the name of a stockbroker), for the account of any such person or in any other manner which might appear to result in any such person being able to direct the transaction or derive some benefit from the transaction. It is the substance of the transaction, not its form, which must be considered.

5. **Examples of Material Information.** Common examples of information that is regarded as material are: information contained in internal reports that is material to the Company; projections of future earnings or losses and results of operations that have not been released to the public (e.g. net sales to date in the current quarter); news of a pending or proposed merger, acquisition or tender offer; information regarding entering into or signing of significant licensing, development or other material agreements; news of a financing transaction or a consequential purchase or sale of assets; the declaration of a stock split or the offering of additional securities; major changes in management; significant new products; mining discovery or exploration results, milestones and developments; regulatory status, approvals or denials; and impending governmental action or changes in financial condition. This list is not exhaustive and is merely illustrative.

6. **Controlling Person Liability.** You are potentially liable as a "controlling person" if you knowingly or recklessly disregard an Insider Trading violation by a person under your supervision or control and you fail to take the appropriate steps to prevent the violation. The Company, its officers and directors, and supervisory personnel may all be "controlling persons" and therefore potentially liable. Thus, you must be alert to possible Insider Trading violations by the people you supervise, and you must take the appropriate measures to prevent such violations.

7. **Public Information Trading Restrictions: Quarterly Trading Freeze.** In order to further minimize the possibility of an inadvertent and unintended Insider Trading violation, any officer, director, or employee may not enter a trade during the three (3) business days prior to and three (3) business days following the release of quarterly and annual financial information releases.

8. **Confidentiality.** Serious problems could arise for the Company and you by an unauthorized disclosure of internal information. Any discussion of internal Company matters or developments with anyone outside of the Company is prohibited, except as required in the performance of your regular employment duties. This prohibition also applies to inquiries about the Company which may be made by the financial press, investment analysts or others in the financial community. Within the Company, care should be taken to ensure that conversations about confidential matters are not conducted in the presence of persons who do not need to know such information. Similarly, confidential information should not be communicated in a way that would allow it to be overheard in public places (such as restaurants, airplanes, elevators, etc.). Although employees can reasonably assume that office space is secure, consideration should be given to locking offices, file cabinets, or drawers containing particularly sensitive information.

9. **Company Assistance.** Any person who has any questions about specific transactions or questions about this Policy should contact the CCO, or if unavailable, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer or the Company's outside SEC legal counsel. Remember, however, the ultimate responsibility for adhering to the Policy and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment and at all times comply with this Policy statement.

10. **Certifications.** Directors, officers, and employees are required to certify that they have read, understand and agree to comply with the letter and spirit of this Policy upon its initial dissemination; and new directors, officers, and employees will be required to provide the same certification upon their election or upon their employment with the Company. Additionally, officers, directors, and certain key employees are required to certify compliance on an annual basis.

11. **Additional Rules for Directors and Officers.** Though the Company's stock is publicly traded, the Company directors and officers are not currently required to comply with reporting obligations and limitations set forth in Section 16 of the Securities Exchange Act of 1934, as amended (the "1934 Act"). Once the Company is required to comply with Section 16 of the 1934 Act, the individuals listed in Exhibit B, who have been identified by the Company as directors and officers for the purposes of Section 16 under the 1934 Act, will be required to follow the reporting obligations and limitations under Section 16 of the 1934 Act. The Company will provide a separate memorandum to its directors and officers regarding compliance with Section 16 and its related rules.

SECURITIES TRADING POLICY CERTIFICATION

The undersigned hereby certifies to Focus Universal Inc. (the "Company") and to its Officers and Directors as follows:

1. I have recently reviewed a copy of the Company's Securities Trading Policy.

2. I agree to comply with the Company's Securities Trading Policy.

Dated:_____________________

____
(Signature)

____
(Name Printed or Typed)

EXHIBIT A

SECURITIES TRANSACTION REQUEST

1. I intend to affect the following transactions in the securities of Focus Universal Inc. (the “Company”).

_____ Purchase
_____ Sell
_____ Other:
____
____

2. The securities to be traded are:

_____ Company Stock
_____ Other:
____
____

3. The price at which the trade will occur is approximately $_______________.

4. The number of shares to be traded are ____________.

5. The planned transaction has been cleared in writing with the Corporate Compliance Officer or CEO, as evidenced by the initials below.

6. I certify that this transaction is being made in the ordinary course of my personal financial management and is not based on, and I am not aware of, any material information that is not publicly available.

7. This report is being submitted in accordance with the Company’s Securities Trading Policy.

Dated:_____________________

____
(Signature)

____
(Name Printed or Typed)

Corporate Compliance Officer or CEO: ______

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Post-Effective Amendment No. 1 to Registration Statement No. 333-260180 on Form S-3 of our report dated February 28, 2025, relating to the consolidated financial statements of Focus Universal Inc for the years ended December 31, 2024 and 2023 (which report includes an explanatory paragraph relating to substantial doubt about Focus Universal, Inc.'s ability to continue as a going concern) appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ Weinberg & Company P.A.

Los Angeles, California
February 28, 2025

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Desheng Wang, certify that:

1. I have reviewed this Annual Report on Form 10-K of Focus Universal Inc. for the year ended December 31, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 28, 2025

By: /s/ Desheng Wang
Desheng Wang
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Irving H Kau, certify that:

1. I have reviewed this Annual Report on Form 10-K of Focus Universal Inc. for the year ended December 31, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 28, 2025

By: /s/ Irving H Kau
Irving H Kau
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Annual Report of Focus Universal Inc. (the “Company”) on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Desheng Wang, Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2025

By: /s/ Desheng Wang
Desheng Wang
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Annual Report of Focus Universal Inc. (the "Company") on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Irving H Kau, Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2025

By: /s/ Irving H. Kau
Irving H. Kau
Chief Financial Officer
(Principal Financial Officer)