UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K/A

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

For fiscal year ended June 30, 2020

OR

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

For the transition period from to .

Commission file number: 001-14891

FRANKLIN WIRELESS CORP.
(Exact name of Registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**95-3733534** (I.R.S. Employer Identification Number)
9707 Waples Street **Suite 150** **San Diego, California** (Address of principal executive offices)	**92121** (Zip code)

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

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

Common Stock, par value $.001 per share

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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. (Check one)

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. Yes ☐ No ☒

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

The aggregate market value of the voting common stock held by non-affiliates of the Registrant, based on the closing price of the Registrant's common stock on December 31, 2019, as reported by the OTCQB, was approximately $10,530,000. For the purpose of this calculation only, shares owned by officers, directors (and their affiliates) and 5% or greater stockholders have been excluded. The Registrant does not have any non-voting stock issued or outstanding.

The Registrant has 10,618,912 shares of common stock outstanding as of September 17, 2020 (excludes the pending share settlement from financing. See Item 9B).

EXPLANATORY NOTE

On September 17, 2020, the Franklin Wireless Corp. (the "Company") filed its Form 10-K for the fiscal year ended June 30, 2020 (the "Original Filing") with the Securities and Exchange Commission. This Amendment No. 1 to the Company's Form 10-K is being filed solely to file Exhibit 4.1 (Description of Securities) which exhibit was inadvertently omitted with the Original Filing.

Except as described above, this Form 10-K/A does not modify or update disclosure in the Original Filing. Information not affected by this Form 10-K/A remains unchanged and reflects the disclosures made at the time the Original Filing was made.

FRANKLIN WIRELESS CORP.
INDEX TO ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE ON FORWARD LOOKING STATEMENTS

You should keep in mind the following points as you read this Report on Form 10-K:

- the terms "we," "us," "our," “Franklin,” “Franklin Wireless,” or the "Company" refer to Franklin Wireless Corp.
- our fiscal year ends on June 30; references to fiscal 2020 and fiscal 2019 and similar constructions refer to the fiscal year ended on June 30 of the applicable year.

This Annual Report on Form 10-K contains statements which, to the extent they do not recite historical fact, constitute "forward looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward looking statements are used under the captions "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this Annual Report on Form 10-K. You can identify these statements by the use of words like "may," "will," "could," "should," "project," "believe," "anticipate," "expect," "plan," "estimate," "forecast," "potential," "intend," "continue," and variations of these words or comparable words. Forward looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ substantially from the results that the forward looking statements suggest for various reasons, including those discussed under the caption "Risk Factors." These forward looking statements are made only as of the date of this Annual Report on Form 10-K. We do not undertake to update or revise the forward looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS.

BUSINESS OVERVIEW

We are a leading provider of intelligent wireless solutions including mobile hotspots, routers, trackers, and other devices. Our designs integrate innovative hardware and software enabling machine-to-machine (M2M) applications and the Internet of Things (IoT). Our M2M and IoT solutions include embedded modules, modems and gateways built to deliver reliable always-on connectivity supporting a broad spectrum of applications based on fifth generation and fourth generation (5G/4G) wireless technology.

We have a majority ownership position in Franklin Technology Inc. ("FTI"), a research and development company located in Seoul, South Korea. FTI primarily provides design and development services to us for our wireless products.

Our products are generally marketed and sold directly to wireless operators, and indirectly through strategic partners and distributors. Our global customer base extends primarily from the United States to countries in Europe, the Middle East and Africa ("EMEA") and Asia.

OUR STRUCTURE

We incorporated in 1982 in California and reincorporated in Nevada on January 2, 2008. The reincorporation had no effect on the nature of our business or our management. Our headquarters office is located in San Diego, California. The office is principally composed of marketing, sales, operations, finance and administrative support. It is responsible for all customer-related activities, such as marketing communications, product planning, product management and customer support, along with sales and business development activities on a worldwide basis.

The consolidated financial statements include the accounts of the Company and its subsidiary with a majority voting interest of 66.3% (33.7% is owned by non-controlling interests) and 64.2% (35.8% is owned by non-controlling interests) as of June 30, 2020 and as of June 30, 2019, respectively. In the preparation of consolidated financial statements of the Company, intercompany transactions and balances are eliminated and net earnings are reduced by the portion of the net earnings of the subsidiary applicable to non-controlling interests. The increase in the majority voting interest in percentage from 64.2% to 66.3% was due to the purchase by the Company of 43,333 shares of the subsidiary for $75,000 ($1.73 per share) from three non-controlling shareholders. The purchase decreased the non-controlling interests' ownership percentage from 35.8% to 33.7%.

Accounting Standards Codification ("ASC") 280, "Segment Reporting," requires public companies to report financial and descriptive information about their reportable operating segments. We identify our operating segments based on how our chief operating decision maker internally evaluates separate financial information, business activities and management responsibility. We have one reportable segment, consisting of the sale of wireless access products. We generate revenues from three geographic areas, consisting of the United States, EMEA and Asia. The following enterprise-wide disclosure is prepared on a basis consistent with the preparation of the consolidated financial statements. The following table contains certain financial information by geographic area:

	Fiscal Year Ended June 30,	
Net sales:	**2020**	**2019**
United States	$ 74,839,778	$ 36,217,387
Europe, the Middle East and Africa ("EMEA")	–	224,427
Asia	232,520	27,086
Totals	**$ 75,072,298**	**$ 36,468,900**

Long-lived assets, net (property and equipment and intangible assets):	**June 30, 2020**	**June 30, 2019**
United States	$ 1,302,353	$ 1,209,159
Asia	43,688	32,631
Totals	**$ 1,346,041**	**$ 1,241,790**

OUR PRODUCTS

We are a global leader and innovator in providing the latest mobile technologies to the mass market, which includes 5G/4G Mobile Hotspots, 5G/4G Customer Premises Equipment, and MDM solutions. We are a leading enabler of the Digital Divide initiative, and our expertise extends to innovation in Internet of Things (IOT) and Machine-to-machine (M2M) applications.

The following is a sample of the products we offer:

5G/4G LTE Wireless Broadband Products

5G/4G LTE Wi-Fi Mobile Hotspot

- Portable Wi-Fi hotspot routers that provide wireless Internet access with 5G/4G support for multiple simultaneously connected devices including laptops, tablets, and smart phones. Our Mobile Hotspot products help remote workers be productive while on the go and help students and educational institutions support remote learning activities.

5G/4G LTE Consumer Home Gateway (Customer-Premises Equipment)

- Enhanced routing gateway that can provide support for both wired and wireless connectivity, offering solutions for consumers looking to replace Cable or DSL service

IoT Tracking Devices and Connected Devices:

Smart IoT tracking device

- Location service devices based on CAT1 and CAT M technology, allowing consumers and businesses to track virtually any tangible item, anytime and anywhere.

Connected Car

- An all in one connected car solution that provides easy access Wi-Fi Hotspot technology and extensive added vehicle diagnostics, safety, and security features, as well as location service via OBDII protocol with other applications.

Home Phone Connect

- Franklin's Voice Over LTE (VoLTE) device provides a landline alternative connecting instantly and allows users local and domestic long distance calling through the carrier's network.

IOT Server Platform and Application

- "Pintrac," Franklin's Cloud based telecom grade server platform enables enhanced remote device functionality.
- Pintrac Mobile Device Management (MDM) for LTE hotspots allows schools, government agencies and to remotely manage and configure hotspots.
- Pintrac Pet is a complete pet tracking application, allowing monitoring and tracking household pets and their activity using Franklin's Trackers.
- Pintrac Auto tracks, locates, and manages vehicles for consumers and businesses using Franklin's LTE OBD devices.

CUSTOMERS

Our global customer base is comprised of wireless operators, strategic partners and distributors located primarily in the United States, EMEA and Asia.

SALES AND MARKETING

We market and sell our products primarily to wireless operators located in the United States, EMEA, and Asia regions mainly through our internal, direct sales organization and, to a lesser degree, indirectly through strategic partners and distributors. The sales process is supported with a range of marketing activities, including trade shows, product marketing and public relations.

All of our wireless devices must pass Federal Communications Commission (FCC) testing in order to be sold in United States markets. Global Certification Forum ("GCF") test certifications are required in order to launch any wireless data products with wireless operators in North America. PCS Type Certification Review Board ("PTCRB") test certifications also are required for all LTE and HSPA/GSM wireless data products. Other LTE and 5G test certifications, as defined by the 3GPP governing body, are required for LTE and 5G wireless data products. Certifications are issued as being a qualifier of GCF, PTCRB, IEEE, CE, UL, Wi-Fi alliance certification and 3GPP standards.

PRODUCTION AND MANUFACTURING OPERATIONS

For the fiscal year ended June 30, 2020, the manufacturing of the majority of our products was performed by two independent companies located in Asia.

EMPLOYEES

As of June 30, 2020, we had 71 total employees at Franklin and FTI combined. We also use the services of consultants and contract workers from time to time. Our employees are not represented by any collective bargaining organization, and we have never experienced a work stoppage.

ITEM 1A: RISK FACTORS.

The following risk factors do not purport to be a complete explanation of the risks involved in our business.

WE MAY NEED ADDITIONAL FINANCING FOR PRODUCT DEVELOPMENT. Our financial resources are sufficient for current operational needs, however, the amount of funding required to develop and commercialize our products and technologies is highly uncertain. Adequate funds may not be available when needed or on terms satisfactory to us. Lack of funds may cause us to delay, reduce and/or abandon certain or all aspects of our development and commercialization programs. We may seek additional financing through the issuance of equity or convertible debt securities. In such event, the percentage ownership of our stockholders would be reduced, stockholders may experience additional dilution, and such securities may have rights, preferences, and privileges senior to those of our Common Stock. There can be no assurance that additional financing will be available on terms favorable to us or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to fund our expansion, take advantage of desirable acquisition opportunities, develop, or enhance services or products or respond to competitive pressures. Such inability could have a materially adverse effect on our business, results of operations and financial conditions.

WE MAY INFRINGE THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS. The industry in which we operate has many participants that own, or claim to own, proprietary intellectual property. In the past we have received, and in the future may receive, claims from third parties alleging that we, and possibly our customers, violate their intellectual property rights. Rights to intellectual property can be difficult to verify and litigation may be necessary to establish whether or not we have infringed the intellectual property rights of others. In many cases, these third parties are companies with substantially greater resources than us, and they may be able to, and may choose to, pursue complex litigation to a greater degree than we could. Regardless of whether these infringement claims have merit or not, we may be subject to the following:

- o We may be liable for potentially substantial damages, liabilities, and litigation costs, including attorneys' fees;
- o We may be prohibited from further use of the intellectual property and may be required to cease selling our products that are subject to the claim;
- o We may have to license the third-party intellectual property, incurring royalty fees that may or may not be on commercially reasonable terms. In addition, there is no assurance that we will be able to successfully negotiate and obtain such a license from the third party;
- o We may have to develop a non-infringing alternative, which could be costly and delay or result in the loss of sales. In addition, there is no assurance that we will be able to develop such a non-infringing alternative;
- o The diversion of management's attention and resources;
- o Our relationships with customers may be adversely affected; and,
- o We may be required to indemnify our customers for certain costs and damages they incur in such a claim.

In the event of an unfavorable outcome in such a claim and our inability to either obtain a license from the third party or develop a non-infringing alternative, then our business, operating results and financial condition may be materially adversely affected and we may have to restructure our business.

Absent a specific claim for infringement of intellectual property, from time to time we have and expect to continue to license technology, intellectual property, and software from third parties. There is no assurance that we will be able to maintain our third-party licenses or obtain new licenses when required and this inability could materially adversely affect our business and operating results and the quality and functionality of our products. In addition, there is no assurance that third party licenses we execute will be on commercially reasonable terms.

Under purchase orders and contracts for the sale of our products we may provide indemnification to our customers for potential intellectual property infringement claims for which we may have no corresponding recourse against our third-party licensors. This potential liability, if realized, could materially adversely affect our business, operating results, and financial condition.

WE OPERATE IN AN INTENSIVELY COMPETITIVE MARKET. The wireless broadband data access market is highly competitive, and we may be unable to compete effectively. Many of our competitors or potential competitors have significantly greater financial, technical, and marketing resources than we do. To survive and be competitive, we will need to continuously invest in research and development, sales and marketing, and customer support. Increased competition could result in price reductions, and smaller customer orders. Our failure to compete effectively could seriously impair our business.

WE OPERATE IN THE HIGH-RISK TELECOM SECTOR. We are in a volatile industry. In addition, our revenue model is evolving and relies substantially on the assumption that we will be able to successfully complete the development and sales of our products and services in the marketplace. Our prospects must be considered in the light of the risk, uncertainties, expenses, and difficulties frequently encountered by companies in the early stages of development and marketing new products. To be successful in the market we must, among other things:

- o Complete development and introduction of functional and attractive products and services;
- o Attract and maintain customer loyalty;
- o Establish and increase awareness of our brand and develop customer loyalty;
- o Provide desirable products and services to customers at attractive prices;
- o Establish and maintain strategic relationships with strategic partners and affiliates;
- o Rapidly respond to competitive and technological developments;

- Build operations and customer service infrastructure to support our business; and
- Attract, retain, and motivate qualified personnel.

We cannot guarantee that we will be able to achieve these goals, and our failure to achieve them could adversely affect our business, results of operations, and financial condition. We expect that revenues and operating results will fluctuate in the future. There is no assurance that any or all our efforts will produce a successful outcome.

WE OPERATE IN A FIELD WITH RAPIDLY CHANGING TECHNOLOGY. We cannot be certain that our products and services will function as anticipated or be desirable to our intended markets. Our current or future products and services may fail to function properly, and if our products and services do not achieve and sustain market acceptance, our business, results of operations and profitability may suffer. If we are unable to predict and comply with evolving wireless standards, our ability to introduce and sell new products will be adversely affected. If we fail to develop and introduce products on time, we may lose customers and potential product orders.

WE DEPEND ON THE DEMAND FOR WIRELESS NETWORK CAPACITY. The demand for our products is completely dependent on the demand for broadband wireless access to networks. If wireless operators do not deliver acceptable wireless service, our product sales may dramatically decline. Thus, if wireless operators experience financial or network difficulties, it will likely reduce demand for our products. Demand for wireless access can rise and fall greatly during times of contagious outbreaks and their aftermath. These surges in demand can be temporary and unstable. When the outbreak ends, or becomes more controlled, demand for wireless network access could drop off decreasing sales revenue. These changes are beyond our ability to control and can either increase or decrease demand for our products.

PANDEMIC OUTBREAKS CAN CAUSE VOLATILE CHANGES IN THE MARKET. Demand for wireless access can rise and fall greatly during times of Pandemic outbreaks, such as COVID-19, as more people may be required to work remotely and schools may be required to operate remote classrooms. When an outbreak ends, or becomes more controlled, demand for wireless devices could drop off, decreasing demand for our products. Pandemic outbreaks can also disrupt supply chains, manufacturing operations, and shipping. These disruptions can make product fulfilment difficult, delayed, or impossible. All these changes are beyond our ability to control and can cause revenue and income to change dramatically.

WE DEPEND ON COLLABORATIVE ARRANGEMENTS. The development and commercialization of our products and services depend in large part upon our ability to selectively enter and maintain collaborative arrangements with developers, distributors, service providers, network systems providers, core wireless communications technology providers and manufacturers, among others.

THE LOSS OF ANY OF OUR MATERIAL CUSTOMERS COULD ADVERSELY AFFECT OUR REVENUES AND PROFITABILITY, AND THEREFORE SHAREHOLDER VALUE. We depend on a small number of customers for a significant portion of our revenues. For the year ended June 30, 2020, net revenues from our two largest customers represented 46% and 36% of our consolidated net sales, respectively. We have a written agreement with each of these customers that governs the sale of products to them, but the agreements do not obligate them to purchase any quantity of products from us. If these customers were to reduce their business with us, our revenues and profitability could materially decline.

OUR PRODUCT DELIVERIES ARE SUBJECT TO LONG LEAD TIMES. We often experience long-lead times to ship products, often more than 45 days. This could cause us to lose customers, who may be able to secure faster delivery times from our competitors and require us to maintain higher levels of working capital.

OUR PRODUCT-TO-MARKET CHALLENGE IS CRITICAL. Our success depends on our ability to quickly enter the market and establish an early mover advantage. We must implement an aggressive sales and marketing campaign to solicit customers and strategic partners. Any delay could seriously affect our ability to establish and exploit effectively an early-to-market strategy.

AS OUR BUSINESS EXPANDS INTERNATIONALLY, WE WILL BE EXPOSED TO ADDITIONAL RISKS RELATING TO INTERNATIONAL OPERATIONS. Our expansion into international operations exposes us to additional risks unique to such international markets, including the following:

- Increased credit management risks and greater difficulties in collecting accounts receivable;
- Unexpected changes in regulatory requirements, wireless communications standards, exchange rates, trading policies, tariffs, and other barriers;
- Uncertainties of laws and enforcement relating to the protection of intellectual property;
- Language barriers; and
- Potential adverse tax consequences.

Furthermore, if we are unable to further develop distribution channels in countries in North America, EMEA and Asia, we may not be able to grow our international operations, and our ability to increase our revenue will be negatively impacted.

We believe that our products are currently exempt from international tariffs. If this were to change at any point, a tariff of 10%-25% of the purchase price could be imposed. If such tariffs are imposed, they could have a materially adverse effect on sales and operating results.

GOVERNMENT REGULATION COULD RESULT IN INCREASED COSTS AND INABILITY TO SELL OUR PRODUCTS. Our products are subject to certain mandatory regulatory approvals in the United States and other regions in which we operate. In the United States, the Federal Communications Commission regulates many aspects of communications devices. Although we have obtained all the necessary Federal Communications Commission and other required approvals for the products we currently sell, we may not obtain approvals for future products on a timely basis, or at all. In addition, regulatory requirements may change, or we may not be able to obtain regulatory approvals from countries other than the United States in which we may desire to sell products in the future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease approximately 12,775 square feet of office space in San Diego, California, at a monthly rent of $25,754, pursuant to a lease expiring in December 2023. In addition to monthly rent, the lease includes payment for certain common area costs. Our facility is covered by an appropriate level of insurance and we believe it to be suitable for our use and adequate for our present needs. Rent expense related to this property was $298,494 and $277,377 for the years ended June 30, 2020 and 2019, respectively.

Our Korea-based subsidiary, FTI, leases approximately 10,000 square feet of office space in Seoul, Korea, at a monthly rent of approximately $8,000, pursuant to a lease expiring in August 2021. FTI also leases additional office space consisting of approximately 2,682 square feet, also located in Seoul, Korea, at a monthly rent of approximately $2,700, pursuant to a lease expiring in August 2021. In addition to monthly rent, the lease provides for periodic cost of living increases in the base rent and payment for certain common area costs. These facilities are covered by an appropriate level of insurance and we believe them to be suitable for our use and adequate for our present needs. Rent expense related to these leases was approximately $128,000 for each of the years ended June 30, 2020 and 2019.

We lease one corporate housing facility primarily for our employees who travel, under a non-cancelable operating lease expiring in September 2021. Rent expense related to this lease was $8,789 and $10,066 for the years ended June 30, 2020 and 2019, respectively.

ITEM 3. LEGAL PROCEEDINGS

Refer to NOTE 8 - COMMITMENTS AND CONTINGENCIES in the Consolidated Financial Statements.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

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

MARKET PRICE OF OUR COMMON STOCK

Shares of our Common Stock are quoted and traded on the OTCQB under the trading symbol "FKWL." We have one class of common stock. As of June 30, 2020, we had 737 shareholders of record. Since many of the shares of our common stock are held by brokers and other institutions on behalf of shareholders, the total number of beneficial holders represented by these record holders is not practicably determinable.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes share and exercise price information about our equity compensation plans as of June 30, 2020:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	251,291	$ 1.05	1,202,000
Equity compensation plans not approved by security holders	–	N/A	–
Total	**251,291**	**$ 1.05**	**1,202,000**

ITEM 6. SELECTED FINANCIAL DATA

As a "smaller reporting company" as defined by Rule 12b-2 of the Exchange Act, we are not required to include this item.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes included elsewhere in this report. This report contains certain forward-looking statements relating to future events or our future financial performance. These statements are subject to risks and uncertainties which could cause actual results to differ materially from those discussed in this report. You are cautioned not to place undue reliance on this information which speaks only as of the date of this report. We are not obligated to publicly update this information, whether as a result of new information, future events or otherwise, except to the extent we are required to do so in connection with our obligation to file reports with the SEC. For a discussion of the important risks to our business and future operating performance, see the discussion under the caption "Item 1A. Risk Factors" and under the caption "Factors That May Influence Future Results of Operations" below. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur.

BUSINESS OVERVIEW

We are a leading provider of intelligent wireless solutions including mobile hotspots, routers, trackers, and other devices. Our designs integrate innovative hardware and software enabling machine-to-machine (M2M) applications and the Internet of Things (IoT). Our M2M and IoT solutions include embedded modules, modems and gateways built to deliver reliable always-on connectivity supporting a broad spectrum of applications based on 5G/4G wireless technology.

We have a majority ownership position in FTI, a research and development company located in Seoul, South Korea. FTI primarily provides design and development services to us for our wireless products.

Our products are generally marketed and sold directly to wireless operators, and indirectly through strategic partners and distributors. Our global customer base extends primarily from the United States to countries in the Middle East and Africa ("EMEA") and Asia.

FACTORS THAT MAY INFLUENCE FUTURE RESULTS OF OPERATIONS

We believe that our revenue growth will be influenced largely by (1) the successful maintenance of our existing customers, (2) the rate of increase in demand for wireless data products, (3) customer acceptance for our new products, (4) new customer relationships and contracts, and (5) our ability to meet customers' demands.

We have entered into and expect to continue to enter into new customer relationships and contracts for the supply of our products, and this may require significant demands on our resources, resulting in increased operating, selling, and marketing expenses associated with such new customers.

CRITICAL ACCOUNTING POLICIES

Revenue Recognition

In April 2016, the FASB issued Accounting Standards Update No. 2016-10, Revenue from Contracts with Customers (Topic 606) (ASU 2016-10), which amends and adds clarity to certain aspects of the guidance set forth in the upcoming revenue standard (ASU 2014-09) related to identifying performance obligations and licensing. In May 2016, the FASB issued Accounting Standards Update No. 2016-11, Revenue Recognition (Topic 605), which amends and rescinds certain revenue recognition guidance previously released within ASU 2014-09. In May 2016 the FASB issued Accounting Standards Update No. 2016-12, Revenue from Contracts with Customers (Topic 606) (ASU 2016-12), which provides narrow scope improvements and practical expedients related to ASU 2014-09.

Through June 30, 2018, we recognized revenue in accordance with Accounting Standards Codification ("ASC") 605, "Revenue Recognition," when persuasive evidence of an arrangement exists, the price is fixed or determinable, collection is reasonably assured, and delivery of products has occurred or services have been rendered. Accordingly, we recognized revenues from product sales upon shipment of the products to the customers or when the products are received by the customers in accordance with shipping or delivery terms. We provided a warranty for one year from the shipment or delivery date, which was covered by our vendors pursuant to purchase agreements. Any net warranty related expenditures made by us have historically not been material. Under our sales return policy, customers may generally return products that are under warranty for repair or replacement. On July 1, 2018, we adopted ASU 2014-09 using the modified retrospective method applied to those contracts that were not completed or substantially complete as of June 30, 2018. Results for the reporting period beginning after July 1, 2018 are presented under Topic 606, while prior period amounts have not been adjusted and continue to be reported in accordance with our historic accounting under Topic 605. We recorded no change in retained earnings as of July 1, 2018 as a result of the cumulative impact of adopting Topic 606.

Contracts with Customers

Revenue for sales of products and services is derived from contracts with customers. The products and services promised in contracts primarily consist of hot spot routers. Contracts with each customer generally state the terms of the sale, including the description, quantity and price of each product or service. Payment terms are stated in the contract, primarily in the form of a purchase order. Since the customer typically agrees to a stated rate and price in the purchase order that does not vary over the life of the contract, the majority of our contracts do not contain variable consideration. We establish a provision for estimated warranty and returns. Using historical averages, that provision for the year ended June 30, 2020 was not material.

Disaggregation of Revenue

In accordance with Topic 606, we disaggregate revenue from contracts with customers into geographical regions and by the timing of when goods and services are transferred. We determined that disaggregating revenue into these categories meets the disclosure objective in Topic 606, which is to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by regional economic factors.

Contract Balances

We perform our obligations under a contract with a customer by transferring products in exchange for consideration from the customer. We typically invoice our customers as soon as control of an asset is transferred, and a receivable is established. We, however, recognize a contract liability when a customer prepays for goods and/or services, or we have not delivered goods under the contract since we have not yet transferred control of the goods and/or services.

The balances of our trade receivables are as follows:

	June 30, 2020	June 30, 2019
Accounts Receivable	$ 15,973,537	$ 4,138,469

The balance of contract assets was immaterial as we did not have a significant amount of un-invoiced receivables in the periods ended June 30, 2020 and June 30, 2019.

Our contract liabilities, which are included in accrued liabilities on our balance sheet, are as follows:

	June 30, 2020	June 30, 2019
Undelivered products	$ 140,000	$ 140,000

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of measurement in Topic 606. At contract inception, we assess the products and services promised in our contracts with customers. We then identify performance obligations to transfer distinct products or services to the customer. To identify performance obligations, we consider all the products or services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

Our performance obligations are satisfied at a point in time. Revenue from products transferred to customers at a single point in time accounted for 99% of net sales for the year ended June 30, 2020. Revenue for non-recurring engineering projects is based on the percentage completion of a project and accounted for 1% of net sales for the year ended June 30, 2020. Most of our revenue that is recognized at a point in time is for the sale of hot-spot router products. Revenue from these contracts is recognized when the customer can direct the use of and obtain substantially all of the benefits from the product, which generally coincides with title transfer at completion of the shipping process.

As of June 30, 2020, our contracts do not contain any unsatisfied performance obligations, except for undelivered products.

Capitalized Product Development Costs

ASC Topic 350, “Intangibles - Goodwill and Other” includes software that is part of a product or process to be sold to a customer and shall be accounted for under Subtopic 985-20. Our products contain embedded software internally developed by FTI which is an integral part of these products because it allows the various components of the products to communicate with each other and the products are clearly unable to function without this coding.

The costs of product development that are capitalized once technological feasibility is determined (noted as Technology in progress in the Intangible Assets table, in Note 2 to Notes to Consolidated Financial Statements) include certifications, licenses, payroll, employee benefits, and other headcount-related expenses associated with product development. We determine that technological feasibility for our products is reached after all high-risk development issues have been resolved. Once the products are available for general release to our customers, we cease capitalizing the product development costs and any additional costs, if any, are expensed. The capitalized product development costs are amortized on a product-by-product basis using the straight-line amortization. The amortization begins when the products are available for general release to our customers.

As of June 30, 2020, and June 30, 2019, capitalized product development costs in progress were $140,193 and $465,352, respectively, and these amounts are included in intangible assets in our consolidated balance sheets. During the year ended June 30, 2020, we incurred $343,360 in capitalized product development costs, and such amounts are primarily comprised of certifications and licenses. All costs incurred before technological feasibility is reached are expensed and included in our consolidated statements of comprehensive income (loss).

Income Taxes

Deferred income tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. As of June 30, 2020, we have federal and state net operating loss carryforwards of approximately $1.2 million and no state net operating loss carryforwards. Under the Tax Cuts and Jobs Act (the “Act”), which was signed into law on December 22, 2017, the federal net operating loss recognized on or after January 1, 2018 will carry forward indefinitely. The federal net operating loss of $1.2 million, which was recognized on or before December 31, 2017, will expire through 2035, and the federal net operating loss recognized on or after January 1, 2018, which will carry forward indefinitely, is 0. The utilization of net operating loss carryforwards may be subject to limitations under provisions of the Internal Revenue Code Section 382 and similar state provisions.

Under the provision of ASC 740 “Application of the Uncertain Tax Position Provisions” related to accounting for uncertain tax positions, which prescribes a recognition threshold and measurement process for recording in the financial statements, uncertain tax positions taken or expected to be taken in a tax return, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. Tax benefits of an uncertain tax position will not be recognized if it has less than a 50% likelihood of being sustained based on technical merits.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Refer to NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES in the Consolidated Financial Statements.

RESULTS OF OPERATIONS

The following table sets forth, for the years ended June 30, 2020, 2019, and 2018, our statements of operations including data expressed as a percentage of sales:

	2020	2019	2018
		(as a percentage of sales)	
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	80.7%	84.3%	82.7%
Gross profit	19.3%	15.7%	17.3%
Operating expenses	9.9%	21.5%	26.2%
Income (loss) from operations	9.4%	(5.8%)	(8.9%)
Other income (expense), net	0.3%	0.6%	1.1%
Net income (loss) before income taxes	9.7%	(5.2%)	(7.8%)
Income tax provision (benefit)	1.8%	(1.2%)	(0.6%)
Net income (loss)	7.9%	(4.0%)	(7.2%)
Less: non-controlling interest in net income (loss) of subsidiary	0.5%	(0.5%)	(0.2%)
Net income (loss) attributable to Parent Company stockholders	7.4%	(3.5%)	(7.0%)

YEAR ENDED JUNE 30, 2020 COMPARED TO YEAR ENDED JUNE 30, 2019

NET SALES - Net sales increased by $38,603,398, or 105.9%, to $75,072,298 for the year ended June 30, 2020 from $36,468,900 for the corresponding period of 2019. For the year ended June 30, 2020, net sales by geographic regions, consisting of the United States, EMEA (Europe, the Middle East and Africa) and Asia were $74,839,778 (99.7% of net sales), $0 (0.0% of net sales), and $232,520 (0.3% of net sales), respectively. For the year ended June 30, 2019, net sales by geographic regions, consisting of the United States, EMEA (Europe, the Middle East and Africa) and Asia were $36,217,387 (99.3% of net sales), $224,427 (0.6% of net sales) and $27,086 (0.1% of net sales), respectively.

Net sales in the United States increased by $38,622,391, or 106.6%, to $74,839,778 for the year ended June 30, 2020, from $36,217,387 for the corresponding period of 2019. The increase in net sales in the United States resulted primarily from increased demand for wireless connectivity due to people working and attending school remotely. High volume sales to school districts rapidly rolling out remote learning programs was a significant driver for increased sales through our primary customers during the Covid-19 Pandemic period. Net sales also increased due to a newly launched product and the timing of orders placed by a new carrier customer, from which a significant portion of our revenue was derived. (46% of our consolidated net sales for the year ended June 30, 2020). Net sales in EMEA decreased by $224,427, or 100.0%, to $0 for the year ended June 30, 2020, from $224,427 for the corresponding period of 2019. The decrease in net sales was due to the discontinued orders for a product placed by a carrier customer in Africa compared to the corresponding period of 2019. Net sales in Asia increased by $205,434, or 105.9%, to $232,520 for the year ended June 30, 2020, from $27,086 for the corresponding period of 2019. The increase in net sales was primarily due to product development service revenue generated by FTI, which typically varies from period to period.

GROSS PROFIT- Gross profit increased by $8,784,996, or 153.1%, to $14,524,485 for the year ended June 30, 2020, from $5,739,489 for the corresponding period of 2019. The gross profit in terms of net sales percentage was 19.3% for the year ended June 30, 2020, compared to 15.7% for the corresponding period of 2019. The increase in gross profit was primarily due to the change in net sales as described above. The increase in gross profit and gross profit in terms of net sales percentage was primarily due to a newly launched product, with a higher selling price, as well as the product development service revenues generated by Franklin and FTI, which involve lower costs of goods sold.

OPERATING EXPENSES - Operating expenses decreased by $400,585, or 5.1%, to $7,446,361 for the year ended June 30, 2020, from $7,846,946 for the corresponding period of 2019. Selling, general, and administrative decreased by $1,191,506 to $3,699,859 for the year ended June 30, 2020, from $4,891,365. The decrease in selling, general, and administrative was primarily due to the decreased payroll expense for employees involved in selling, general, and administrative by approximately $700,000 as well as the significant decrease in shipping and handling costs within selling, general, and administrative costs by $497,298, resulting from the positively restructured shipping terms with a major vendor despite the increased volume of product shipments. Research and development increased by $790,921 to $3,746,502 for the year ended June 30, 2020, from $2,955,581. The increase in research and development was primarily due to the increased reimbursement in payroll expense for employees involved in research and development.

OTHER INCOME, NET - Other income, net increased by $15,810, or 7.71%, to $220,764 for the year ended June 30, 2020, from $204,954 for the corresponding period of 2019. The increase was primarily due to the increased interest income earned from money market accounts and certificates of deposit, as well as the gain from appreciation on favorable foreign currency change, which is partially offset by the decreased product development funding received by FTI from a government entity.

YEAR ENDED JUNE 30, 2019 COMPARED TO YEAR ENDED JUNE 30, 2018

NET SALES - Net sales increased by $6,403,067, or 21.3%, to $36,468,900 for the year ended June 30, 2019 from $30,065,833 for the corresponding period of 2018. For the year ended June 30, 2019, net sales by geographic regions, consisting of the United States, South America and the Caribbean, EMEA (Europe, the Middle East and Africa) and Asia were $36,217,387 (99.3% of net sales), $0 (0.0% of net sales), $224,427 (0.6% of net sales) and $27,086 (0.1% of net sales), respectively.

Net sales in the United States increased by $6,982,376, or 23.9%, to $36,217,387 for the year ended June 30, 2019, from $29,235,011 for the corresponding period of 2018. The increase in net sales was primarily due to the average of 46% increased product demand from four major carrier customers, which was increased by the favorable effect of sales that fluctuate significantly from period to period due to timing of orders placed by several customers. Net sales in the South American and Caribbean regions decreased by $238,970, or 100%, to $0 for the year ended June 30, 2019, from $238,970 for the corresponding period of 2018. The decrease was primarily due to the general nature of sales in these regions, which often fluctuate significantly from period to period due to timing of orders placed by a relatively small number of customers. Net sales in EMEA decreased by $111,418, or 33.2%, to $224,427 for the year ended June 30, 2019, from $335,845 for the corresponding period of 2018. The decrease in net sales was due to the discontinued orders of a product placed by a carrier customer in Africa. Net sales in Asia decreased by $228,921, or 89.4%, to $27,086 for the year ended June 30, 2019, from $256,007 for the corresponding period of 2018. The decrease in net sales was primarily due to lower component sales generated by FTI, which typically vary from period to period in connection with its customers' production schedule.

GROSS PROFIT- Gross profit increased by $547,775, or 10.6%, to $5,739,489 for the year ended June 30, 2019, from $5,191,714 for the corresponding period of 2018. The gross profit in terms of net sales percentage was 15.7% for the year ended June 30, 2019, compared to 17.3% for the corresponding period of 2018. The increase in gross profit was primarily due to the change in net sales as described above. The decrease in gross profit in terms of net sales percentage was primarily due to variations in customer and product mix, competitive selling prices and product costs which generally vary from period to period and region to region.

OPERATING EXPENSES - Operating expenses decreased by $36,638, or 0.5%, to $7,846,946 for the year ended June 30, 2019, from $7,883,584 for the corresponding period of 2018. For the year ended June 30, 2019, operating expenses consisted of selling, general, and administrative costs of $4,891,365 and research and development costs of $2,955,581, respectively.

Selling, general, and administrative costs increased by $379,797, or 8.4%, to $4,891,365 for the year ended June 30, 2019, from $4,511,568 for the corresponding period of 2018. The increase in selling, general, and administrative costs was primarily due to the increase in delivery charges by $325,303 due to the increased sales. Research and development costs decreased by $416,435, or 12.3%, to $2,955,581 for the year ended June 30, 2019, from $3,372,016 for the corresponding period of 2018. The decrease in research and development costs was primarily due to the decrease in research and development payroll expense and the related expenses from a cost reduction effort especially for the early portion of fiscal 2019, as well as increased capitalized product development cost.

OTHER INCOME, NET - Other income, net decreased by $127,368, or 38.33%, to $204,954 for the year ended June 30, 2019, from $332,322 for the corresponding period of 2018. The decrease was primarily due to the decreased product development funding received by FTI from a government entity as the periods of the associated projects expired, which is partially offset by the increased interest income earned from the newly opened money market accounts and the certificates of deposit.

LIQUIDITY AND CAPITAL RESOURCES

Our historical operating results, capital resources and financial position, in combination with current projections and estimates, were considered in management's plan and intentions to fund our operations over a reasonable period of time, which we define as the twelve-month period ending June 30, 2020. For purposes of liquidity disclosures, we assess the likelihood that we have sufficient available working capital and other principal sources of liquidity to fund our operating activities and obligations as they become due.

Our principal source of liquidity as of June 30, 2020 consisted of cash and cash equivalents as well as short-term investments of $33,543,562. We believe we have sufficient available capital to cover our existing operations and obligations through at least June 30, 2020. Our long-term future cash requirements will depend on numerous factors, including our revenue base, profit margins, product development activities, market acceptance of our products, future expansion plans and ability to control costs. If we are unable to achieve our current business plan or secure additional funding that may be required, we would need to curtail our operations or take other similar actions outside the ordinary course of business in order to continue to operate as a going concern.

OPERATING ACTIVITIES – Net cash provided by operating activities for year ended June 30, 2020 and 2019 was $22,004,304 and $775,090, respectively.

The $22,004,304 in net cash provided by operating activities for the year ended June 30, 2020 was primarily due to the increase in accounts payable of $36,410,741, caused by a sudden increase in Wi-Fi hotspot production, as well as our operating results (net loss adjusted for depreciation, amortization and other non-cash charges), which were partially offset by an increase in accounts receivable of $11,855,351 as well as the increase in inventory of $10,730,663.

The $775,090 in net cash provided by operating activities for the year ended June 30, 2019 was primarily due to the decrease in accounts receivable of $3,852,985 as well as the decrease in inventory of $304,813, which was partially offset by the decrease in accounts payable of $1,937,071.

INVESTING ACTIVITIES – Net cash used in investing activities for the years ended June 30, 2020 and 2019 was $794,969 and $6,250,710, respectively.

The $794,969 in net cash used in investing activities for the year ended June 30, 2020 was primarily due to the purchases of capitalized product development, intangible asset, and property and equipment of $343,360, $193,171 and $181,746, respectively, as well as the payments for additional shares of a subsidiary of $75,000.

The $6,250,710 in net cash used in investing activities for the year ended June 30, 2019 was primarily due to the payments for purchase of short-term investments of $5,380,226 and additional shares of the subsidiary of $234,330 as well as the purchases of capitalized product development, intangible assets, and property and equipment of $465,352, $70,034, and $100,768, respectively.

FINANCING ACTIVITIES – Net cash provided by financing activities for the years ended June 30, 2020 and 2019 was $520,428 and $0, respectively.

The $520,418 in net cash provided by financing activities for the years ended June 30, 2020 was due to the cash received from a loan under the Payroll Protection Program and the exercise of stock options of $487,300 and $33,128, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

None.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

The following table summarizes our contractual obligations and commitments as of June 30, 2020, and the effect such obligations could have on our liquidity and cash flow in future periods:

	Payments Due by June 30,				
	2021	2022	2023	2024	Total
Leases	$ 429,846	$ 351,362	$ 321,930	$ 160,965	$ 1,264,103

LEASES

Refer to ITEM 2. PROPERTIES.

FUTURE LIQUIDITY AND CAPITAL REQUIREMENTS

For the next twelve months, we may require in excess of $5 million for capital expenditures, software licenses and for testing and certifying new products.

We believe we will be able to fund our future cash requirements for operations from our cash available, operating cash flows, bank lines of credit and issuance of equity securities. We believe these sources of funds will be sufficient to continue our operations and planned capital expenditures. However, we will be required to raise additional debt or equity capital if we are unable to generate sufficient cash flow from operations to fund the expansion of our sales and to satisfy the related working capital requirements for the next twelve months. Our ability to satisfy such obligations also depends upon our future performance, which in turn is subject to general economic conditions and regional risks, and to financial, business and other factors affecting our operations, including factors beyond our control. See Item 1A, “Risk Factors” included in this report.

If we are unable to generate sufficient cash flow from operations to meet our obligations and commitments, we will be required to raise additional debt or equity capital. Additionally, we may be required to sell material assets or operations or delay or forego expansion opportunities. We might not be able to effect these alternative strategies to raise funds including credit lines and loans, on satisfactory terms, if at all.

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

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and the supplementary financial information required by this Item and included in this report are listed in the Index to Financial Statements beginning on page F-1.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management has evaluated, under the supervision and with the participation of OC Kim, our President and Acting Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our President and Acting Chief Financial Officer has concluded that, as of June 30, 2020, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and (ii) accumulated and communicated to our management, including our principal executive and principal accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act or in other factors that materially affected or are reasonably likely to materially affect our internal controls and procedures over financial reporting during the fourth quarter of the fiscal year ended June 30, 2020.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is 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.

To evaluate the effectiveness of internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, management conducted an assessment, using the criteria in *Internal Control-Integrated Framework,* (specifically the 2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its assessment, management concluded that we maintained effective internal control over financial reporting as of June 30, 2020.

This annual report does not include an attestation report from our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the rules adopted under Section 404(c) of the Sarbanes-Oxley Act.

ITEM 9B. OTHER INFORMATION

On September 9, 2020, we entered into Subscription Agreements with two accredited investors (the "Investors"), pursuant to which we sold and issued to the Investors an aggregate of 923,078 shares of Common Stock at a purchase price of $6.50 per share. The $6,000,007 aggregate purchase price for these Units was paid in cash to the Company.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Set forth below are the names, ages, titles and present and past positions of our directors and executive officers as of June 30, 2020.

Name	Age	Position
OC Kim	55	President, Secretary and a Director
Gary Nelson	79	Chairman of the Board and a Director
Joon Won Jyoung	78	Director
Johnathan Chee	57	Director
Heidy Chow	41	Director
Yun J. (David) Lee	58	Chief Operating Officer

OC Kim has been our President, Secretary and a director since September 2003 and served as our Acting Chief Financial Officer until March 2014 and reassumed the role in April 2018. Prior to joining Franklin Wireless, Mr. Kim was the CEO and President of Accetio Inc., a company he founded in April 2001 that developed cell phones and modules for the telecommunications industry. In September 2003, Accetio Inc. merged with Franklin Telecommunications Corp. and was renamed Franklin Wireless Corp. Prior to this, Mr. Kim was the Chief Operating Officer of Axesstel Inc., a pioneering developer of CDMA Wireless Local Loop Products. Before joining Axesstel, he was the president of the U.S. sales office for Kolon Data Communications Co., Ltd., one of Korea's most prominent technology conglomerates. While at Kolon Data Communications, Mr. Kim helped introduce the first generation of CDMA phones to the Korean market through his work with Qualcomm Personal Electronics (QPE), a joint venture between Qualcomm Incorporated and Sony Electronics Inc. Mr. Kim began his career at Lucky Goldstar (LG) Electronics. He has more than 29 years of experience in sales, marketing, and operations management in the telecommunications and information systems industries. He earned a B.A. from Sogang University in Korea. We believe Mr. Kim’s qualifications to serve as a director of the Company include his extensive business, operational and management experience in the wireless industry, including his current position as the Company’s President. In addition, his knowledge of the Company’s business, products, strategic relationships and future opportunities is of great value to the Company.

Gary Nelson has been a director since September 2003. Mr. Nelson was an early investor in Franklin Telecommunications Corp. in the 1980’s and served as a director from 2001 up until the Company’s merger with Accetio Inc. in September 2003, at which time the Company was renamed Franklin Wireless Corp. Following the merger, Mr. Nelson became a director and ultimately Chairman of the Board of Franklin Wireless Corp. He was co-founder and President of Churchill Mortgage Corporation, an income property mortgage banking firm based in Los Angeles, California, which was a loan correspondent for major life insurance companies and other financial institutions. In addition, Mr. Nelson was the Chief Operating Officer of Churchill Mortgage Capital, which was the loan origination arm of Churchill Mortgage Corporation. Mr. Nelson’s prior experience includes various marketing positions with Control Data Corporation and design engineering positions with North American Aviation where he worked on the Apollo Project. He holds a B.S. in Mechanical Engineering from Kansas State University and an MBA from the University of Southern California. We believe that Mr. Nelson’s qualifications to serve as a director of the Company include his many years of business, operational and management experience including his previous position as President of Churchill Mortgage Corporation. In addition, Mr. Nelson has served as a director of the Company for 14 years, and brings a valuable historical perspective on the development of the Company’s business and its leadership.

Joon Won Jyoung has been a director since September 2009. He has been an active investor since 1997 and made early investments in Sewon Telecom, Telson Electronics and Pantech, three leading telecommunications companies based in Korea. From 2001 to 2007, Mr. Jyoung served as a director and Treasurer for Sewon Telecom. From 1992 to 1996, he served as President of Sneakers Classic Ltd., and from 1987 to 1991, he was Chairman of Empire State Bank in New York from 1972 to 1982, he was Chairman of Downtown Mart, a distribution company in New York and Virginia. He holds a B.S. in Mathematics from Seoul National University and an M.S. in Statistics from the University of Connecticut. We believe Mr. Jyoung’s qualifications to serve as a director of the Company include his extensive management experience in a diverse range of industries as well as his broad experience in international business matters.

Johnathan Chee has been a director since September 2009. He is an attorney and has owned the Law Offices of Johnathan Chee, in Niles, Illinois, since August 2007. Mr. Chee has represented clients in various business dealings and negotiations with Ameritech, SBC, Sprint and several wireless carriers in Latin America. Between 1998 and 2007, he served as an attorney with the C&S Law Group, P.C., in Glenview, Illinois. He holds a B.A. from the University of Illinois-Chicago and a J.D. from IIT Chicago-Kent College of Law. He is a member of the Illinois Bar Association. We believe Mr. Chee's qualifications to serve as a director of the Company include his experience as a business attorney that allow him to provide the Company's Board of Directors with valuable knowledge of legal matters that may affect the Company.

Heidy Chow is a Certified Public Accountant and an experienced finance and accounting executive whose client base includes several IT companies. Ms. Chow is an Assurance Partner of The Pun Group, LLP and has over fifteen (15) years of combined experience in auditing, consulting and finance. Ms. Chow's career in public accounting was spent primarily with the National firms of RSM US and Ernst & Young, and regional firms where she has specialized in corporate accounting and auditing services. She supervises engagement teams in areas of designing and planning audits in accordance with the AICPA Generally Accepted Auditing Standards and Public Company Accounting Oversight Board (PCAOB) standards. In addition, she often serves as Contract Chief Financial Officer for privately held small and middle market companies. She holds a B.S. in Accounting from California State Polytechnic University, Pomona.

Yun J. (David) Lee has been our Chief Operating Officer since September 2008. Mr. Lee has 23 years of upper level management experience in telecommunications, including experience in the cellular telephone business in the U.S. and South America. Prior to joining the Company, he was President of Ace Electronics, and served as Chief Financial Officer and Director of Sales and Marketing for RMG Wireless. Prior to that, he served as Controller and Director of International Sales for Focus Wireless in Chicago.

COMPLIANCE WITH SECTION 16(A) OF EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934 requires officers and directors, and persons who own more than ten percent of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than regulations to furnish us with copies of all forms they file pursuant to Section 16(a). Based solely on our review of the copies of such forms it received and written representations from reporting persons required to file reports under Section 16(a), to our knowledge all of the Section 16(a) filing requirements applicable to such persons with respect to fiscal 2019 were complied with.

CODE OF ETHICS

The Board of Directors has adopted a Code of Ethics, which is applicable to all of our employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Code of Ethics covers all areas of professional conduct, including honest and ethical conduct, conflicts of interest, compliance with laws, disclosure obligation, and accountability for adherence to this Code.

CORPORATE GOVERNANCE

During fiscal 2020 the Board of Directors held six meetings. Each director attended 100% of the meetings of the Board, except for Joon Won Jyoung, who attended none of the meetings. The Board of Directors has an Audit Committee made up of Heidy Chow (committee chair) and Gary Nelson and a Compensation Committee made up of Messrs. Nelson (committee chair) and Chee. The Board of Directors has no other committees.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth all compensation paid or accrued by us for the years ended June 30, 2020 and 2019 to our President, Chief Operating Officer and Chief Financial Officer (The "Named Executive Officers").

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Option Awards ($)	All Other Compensation ($)(1)	Total ($)
OC Kim, President and	2019	$ 220,000	$ –	$ –	–	$ 220,000
Acting Financial Officer	2020	$ 220,000	$ 25,000	$ –	–	$ 245,000
Yun J. (David) Lee,	2019	$ 220,000	$ –	$ –	–	$ 220,000
Chief Operating Officer	2020	$ 220,000	$ 33,000	$ –	–	$ 253,000

Outstanding Equity Awards at Fiscal Year-End

The following table presents the outstanding equity awards held by each of the Named Executive Officers as of June 30, 2020. The only outstanding equity awards are stock options. No options were granted to the Named Executive Officers during the 2020 fiscal year. The options previously granted to our Named Executive Officers vest over periods ranging from one to three years and are subject to early termination on the occurrence of certain events related to termination of employment. In addition, the full vesting of options is accelerated if there is a change in control of the Company.

Options Awards

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares that have not Vested (#)	Market Value of Shares that have not Vested ($)
Yun J. (David) Lee	100,000 (1)	$1.34	06/15/2022	–	–
	83,291 (2)	$0.45	06/15/2022	–	–

(1) The option vests and is exercisable in full on the first anniversary of the date of the grant and has a ten-year term.
(2) The option vests and is exercisable over two years as follows:

i. 50% of the shares underlying the option vest on the first anniversary of the date of the grant.
ii. 25% of the shares underlying the option vest eighteen months following the date of the grant.
ii. 25% of the shares underlying the option vest on the second anniversary of the date of the grant.

The option originally had a five-year term and an expiration date of June 11, 2014. On June 10, 2014, the option was modified to extend the term an additional five years to June 11, 2019. On June 11, 2019, the option was again modified to extend the term an additional three years to June 15, 2022.

Director Compensation

Our directors are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the Board of Directors. Employee directors do not receive any cash compensation for services as directors and have not received any equity compensation designated for such services. Members of the Board of Directors who are not employees may receive stock option grants as consideration for their board service from time to time, although there is no established policy for such stock option grants.

Fiscal 2020 Director Compensation

Name	Fee Earned or Paid in Cash ($)(1)	Option Awards ($)	All Other Compensation ($)	Total ($)
Gary Nelson	12,500	–	–	12,500
Joon Won Jyoung	–	–	–	–
Johnathan Chee	12,500	–	–	12,500
Benjamin Chung	5,000	–	–	5,000
Heidy Chow (2)	7,500	–	–	7,500

(1) Directors are compensated a base rate of $10,000 annually, which is prorated based upon board meeting attendance. Bonuses may be awarded when the business has performed exceptionally well as determined by the Board of Directors. This year the Board of Directors approved bonuses of $2,500 each to Gary Nelson, Jonathan Chee, and Heidy Chow.

(2) On December 30, 2019, the Board of Directors appointed Ms. Heidy Chow to the Board of Directors to replace Mr. Benjamin Chung. Ms. Chow was also appointed to the Audit Committee of the Board of Directors

There were no outstanding equity awards held by any of the non-officer directors as of June 30, 2020.

EMPLOYMENT CONTRACTS

On September 21, 2009, we entered into Change of Control Agreements with OC Kim, our President, and Yun J. (David) Lee, our Chief Operating Officer. Each Change of Control Agreement provides for a lump sum payment to the officer in case of a change of control of the Company. The term includes the acquisition of Common Stock of the Company resulting in one person or company owning more than 50% of the outstanding shares, a significant change in the composition of the Board of Directors of the Company during any 12-month period, a reorganization, merger, consolidation or similar transaction resulting in the transfer of ownership of more than fifty percent (50%) of the Company's outstanding Common Stock, or a liquidation or dissolution of the Company or sale of substantially all of the Company's assets.

The Change of Control Agreement with Mr. Kim calls for a payment of $5 million upon a change of control, and the agreement with Mr. Lee calls for a payment of $2 million upon a change of control.

The Board of Directors has approved extension of the Change of Control Agreements with Mr. Kim and Mr. Lee through September 30, 2021.

COMPENSATION DISCUSSION AND ANALYSIS

GENERAL PHILOSOPHY- We compensate our executive officers through a mix of base salary, incentive compensation and stock options. Our compensation policies are designed to be competitive with comparable employers and to align management's incentives with both near-term and long-term interests of our stockholders. We use informal methods of benchmarking our executive compensation, based on the experience of our directors or, in some cases, studies of industry standards. Our compensation is negotiated on a case by case basis, with attention being given to the amount of compensation necessary to make a competitive offer and the relative compensation among our executive officers.

BASE SALARIES - We want to provide our senior management with a level of cash compensation in the form of base salary that facilitates an appropriate lifestyle given their professional status and accomplishments.

INCENTIVE COMPENSATION - Our practice is to award cash bonuses based upon performance objectives set by the Board of Directors. We maintain a bonus plan which provides our executive officers the ability to earn cash bonuses based on the achievement of performance targets. The performance targets are set by the Board of Directors, and our executive officers are eligible to receive bonuses on a quarterly basis. The actual amount of incentive compensation paid to our executive officers is in the sole discretion of the Board of Directors.

SEVERANCE BENEFITS - We are generally an at will employer, and have no employment agreements with severance benefits; however, we have entered into Change of Control Agreements with our executive officers, and one other employee that provide them with lump sum payments in the event of a change in control of the Company.

RETIREMENT PLANS - We do not maintain any retirement plans.

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

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of September 17, 2020 by each director and executive officer of the Company, each person known to us to be the beneficial owner of more than 5% of the outstanding Common Stock, and all directors and executive officers of the Company as a group. Except as otherwise indicated below, each person has sole voting and investment power with respect to the shares owned, subject to applicable community property laws.

Shares Beneficially Owned		
Name and Address	**Number**	**Percent**
Joon Won Jyoung 9707 Waples Street, Suite 150, San Diego, CA 92121	1,869,012	17.6%
OC Kim 9707 Waples Street, Suite 150, San Diego, CA 92121	1,596,695	15.1%
Gary Nelson 9707 Waples Street, Suite 150, San Diego, CA 92121	391,825	3.7%
Yun J. (David) Lee 9707 Waples Street, Suite 150, San Diego, CA 92121	51,709	0.5%
Johnathan Chee 9707 Waples Street, Suite 150, San Diego, CA 92121	13,500	0.1%
Paul Packer 805 Third Ave., 15th Floor, New York, NY 10022	1,189,867(1)	11.2%
Kennedy Capital Management, Inc. 10829 Olive Blvd., St. Louis, MO 63141	1,050,202(2)	9.9%
All directors and executive officers as a group	3,922,741	37.0%

(1) Based solely on a Schedule 13G dated February 14, 2020, which indicates that Mr. Packer may be deemed to beneficially own 1,189,867 shares. With respect to these shares, Mr. Packer has shared voting power and shared dispositive power with Globis Capital Partners, L.P., Globis Capital Advisors, L.L.C., Globis Overseas Fund, Ltd., Globis Capital Management, L.P. and Globis Capital, L.L.C.

(2) Based solely on a Schedule 13G dated February 12, 2019, which indicates that Kennedy Capital Management, Inc. may be deemed to beneficially own 1,050,202 shares.

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

None.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The aggregate fees billed for the most recently completed fiscal period for the audit of our annual financial statements and services normally provided by the independent registered public accounting firm for this fiscal period were as follows:

	FY 2020	FY 2019
Audit Fees	$ 68,600	$ 68,845
Total Fees	$ 68,600	$ 68,845

In the above table, "audit fees" are fees billed by our external auditor for services provided in auditing our company's annual financial statements for the subject year. The fees set forth on the foregoing table relate to the audit as of and for the years ended June 30, 2020 and 2019, which was performed by Haskell & White LLP. All of the services described above were approved in advance by the Board of Directors or the Company's Audit Committee.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Index to financial statements
(b) Exhibits

The following Exhibits are files as part of, or incorporated by reference into, this Report on Form 10-K:

Exhibit No.	Description
2.1	Articles of Merger and Agreement and Plan of Reorganization, filed January 2, 2008 with the Nevada Secretary of State (1)
3.1	Articles of Incorporation of Franklin Wireless Corp. (1)
3.2	Amended and Restated Bylaws of Franklin Wireless Corp. (3)
4.1	Description of Securities
10.2	Lease, dated August 12, 2011, between the Company and EJMC, Inc., a California corporation (4)
10.3	Employment Agreement, dated September 21, 2009, between Franklin Wireless Corp. and OC Kim (3)
10.4	Change of Control Agreement, dated September 21, 2009, between Franklin Wireless Corp. and OC Kim (3)
10.5	Change of Control Agreement, dated September 21, 2009, between Franklin Wireless Corp. and David Lee. (3)
10.7	Lease, dated September 9, 2015, between the Company and Hunsaker & Associates San Diego, Inc., a California corporation (5)
10.8	Common Stock Purchase Agreement, dated August 18, 2020, between Franklin Wireless Corp. and Top Intercube Co., Ltd.
10.9	Common Stock Purchase Agreement, dated August 18, 2020, between Franklin Wireless Corp. and Partron Co., Ltd.
14.1	Code of Ethics (2)
31.1	Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.1	Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

(1) Incorporated by reference from Report on Form 10-QSB for the quarterly period ended March 31, 2008, filed on May 14, 2008.
(2) Incorporated by reference from Annual Report on Form 10-K for the year ended June 30, 2008, filed on September 26. 2008.
(3) Incorporated by reference from Annual Report on Form 10-K for the year ended June 30, 2009, filed on October 13, 2009.
(4) Incorporated by reference from Annual Report on Form 10-K for the year ended June 30, 2011, filed on September 28, 2011.
(5) Incorporated by reference from Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed on November 16, 2015.
(c) Supplementary Information

None.

ITEM 16. FORM 10-K SUMMARY.

Not applicable.

SIGNATURES

In accordance with Section 13 of 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Franklin Wireless Corp.

By: /s/ OC Kim
OC Kim, President

Dated: September 17, 2020

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

Signature	Title	Date
Principal Executive Officer		
/s/ OC KIM	President and a Director	September 17, 2020
Principal Financial Officer		
/s/ OC KIM OC Kim	Acting Chief Financial Officer	September 17, 2020
/s/ GARY NELSON	Chairman of the Board of Directors	September 17, 2020
Gary Nelson		
/s/ JOON WON JYOUNG	Director	September 17, 2020
Joon Won Jyoung		
/s/ JOHNATHAN CHEE	Director	September 17, 2020
Johnathan Chee		
/s/ HEIDY CHOW	Director	September 17, 2020
Heidy Chow		

FRANKLIN WIRELESS CORP.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 and 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Franklin Wireless Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Franklin Wireless Corp. (the "Company") as of June 30, 2020 and 2019, and the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for each of the two years in the period ended June 30, 2020, and the related notes (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2020 and 2019, and the consolidated results of its operations and its cash flows for each of the two years in the period ended June 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ HASKELL & WHITE LLP

We have served as the Company's auditor since 2013.

Irvine, California
September 17, 2020

FRANKLIN WIRELESS CORP.
Consolidated Balance Sheets

	As of June 30, 2020	As of June 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 28,161,644	$ 6,447,505
Certificates of deposit account	5,381,918	5,380,226
Accounts receivable	15,973,537	4,138,469
Other receivables, net	61,090	40,807
Inventories, net	11,783,403	1,052,740
Prepaid expenses and other current assets	21,588	28,042
Advance payments to vendors	27,838	51,340
Total current assets	61,411,018	17,139,129
Property and equipment, net	220,889	131,879
Intangible assets, net	1,125,152	1,109,911
Deferred tax assets, non-current	938,188	2,282,975
Goodwill	273,285	273,285
Right of use assets	1,139,670	–
Other assets	283,369	258,097
TOTAL ASSETS	$ 65,391,571	$ 21,195,276
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 42,083,255	$ 5,672,514
Income tax payable	34,713	654
Accrued liabilities	466,021	247,658
Lease liabilities, current	400,508	–
Total current liabilities	42,984,497	5,920,826
Lease liabilities, non-current	784,233	–
Notes payable, payroll protection plan loan	487,300	–
Total liabilities	44,256,030	5,920,826
Commitments and contingencies (Note 8)		
Stockholders’ equity:		
Parent Company stockholders’ equity		
Preferred stock, par value $0.001 per share, authorized 10,000,000 shares; No preferred stock issued and outstanding as of June 30, 2020 and 2019	–	–
Common stock, par value $0.001 per share, authorized 50,000,000 shares; 10,605,912 and 10,570,203 shares issued and outstanding as of June 30, 2020 and 2019, respectively	14,007	13,972
Additional paid-in capital	7,475,365	7,442,272
Retained earnings	18,028,059	12,477,441
Treasury stock, 3,472,286 shares as of June 30, 2020 and 2019	(4,513,479)	(4,513,479)
Accumulated other comprehensive loss	(650,426)	(634,802)
Total Parent Company stockholders’ equity	20,353,526	14,785,404
Non-controlling interests	782,015	489,046
Total stockholders’ equity	21,135,541	15,274,450
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$ 65,391,571	$ 21,195,276

See accompanying notes to consolidated financial statements.

FRANKLIN WIRELESS CORP.
Consolidated Statements of Comprehensive Income (loss)

	Fiscal Years Ended June 30, 2020		Fiscal Years Ended June 30, 2019	
Net sales	$	75,072,298	$	36,468,900
Cost of goods sold		60,547,813		30,729,411
Gross profit		14,524,485		5,739,489
Operating expenses:				
Selling, general and administrative		3,699,859		4,891,365
Research and development		3,746,502		2,955,581
Total operating expenses		7,446,361		7,846,946
Income (loss) from operations		7,078,124		(2,107,457)
Other income, net:				
Interest income		159,749		138,462
Income from governmental subsidy		16,282		64,201
Other income, net		44,733		2,291
Total other income, net		220,764		204,954
Income (loss) before provision (benefit) for income taxes		7,298,888		(1,902,503)
Income tax provision (benefit)		1,380,301		(428,745)
Net income (loss)		5,918,587		(1,473,758)
Less: non-controlling interests in net loss of subsidiary at 48.2%		–		(55,564)
Less: non-controlling interests in net income (loss) of subsidiary at 35.8%		189,105		(142,070)
Less non-controlling interests in net income of subsidiary at 33.7%		178,864		–
Net income (loss) attributable to Parent Company	**$**	**5,550,618**	**$**	**(1,276,124)**
Basic earnings (loss) per share attributable to Parent Company stockholders	$	0.52	$	(0.12)
Diluted earnings (loss) per share attributable to Parent Company stockholders	$	0.52	$	(0.12)
Weighted average common shares outstanding - basic		10,581,499		10,570,203
Weighted average common shares outstanding - diluted		10,715,979		10,570,203
Comprehensive income (loss)				
Net income (loss)	$	5,918,587	$	(1,473,758)
Translation adjustments		(15,624)		(52,819)
Comprehensive income (loss)		5,902,963		(1,526,577)
Less: comprehensive income (loss) attributable to non-controlling interest		367,969		(197,634)
Comprehensive income (loss) attributable to controlling interest	$	5,534,994	$	(1,328,943)

See accompanying notes to consolidated financial statements.

FRANKLIN WIRELESS CORP.
Consolidated Statements of Stockholders' Equity

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Stockholders Equity
Balance - June 30, 2018	10,570,203	$ 13,972	$ 7,442,272	$ 13,753,565	$ (4,513,479)	$ (581,983)	$ 921,010	$ 17,035,357
Net loss attributable to Parent Company	–	–	–	(1,276,124)	–	–	–	(1,276,124)
Foreign exchange translation	–	–	–	–	–	(52,819)	–	(52,819)
Comprehensive loss attributable to non-controlling interest	–	–	–	–	–	–	(197,634)	(197,634)
Purchase of shares of a subsidiary	–	–	–	–	–	–	(234,330)	(234,330)
Balance - June 30, 2019	10,570,203	$ 13,972	$ 7,442,272	$ 12,477,441	$ (4,513,479)	$ (634,802)	$ 489,046	$ 15,274,450
Net income attributable to Parent Company	–	–	–	5,550,618	–	–	–	5,550,618
Foreign exchange translation	–	–	–	–	–	(15,624)	–	(15,624)
Issuance of stock related to stock option exercised	35,709	35	33,093	–	–	–	–	33,128
Comprehensive income attributable to non-controlling interest	–	–	–	–	–	–	367,969	367,969
Purchase of shares of a subsidiary	–	–	–	–	–	–	(75,000)	(75,000)
Balance - June 30, 2020	10,605,912	$ 14,007	$ 7,475,365	$ 18,028,059	$ (4,513,479)	$ (650,426)	$ 782,015	$ 21,135,541

See accompanying notes to consolidated financial statements.

FRANKLIN WIRELESS CORP.
Consolidated Statements of Cash Flows

	Fiscal Years Ended June 30, 2020		Fiscal Years Ended June 30, 2019	
CASH FLOW FROM OPERATING ACTIVITIES:				
Net income (loss)	$	5,918,587	$	(1,473,758)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation		92,736		92,961
Amortization of intangible assets		482,792		422,183
Disposal of intangible assets		38,498		–
Reserve for obsolete inventory		–		257,779
Deferred tax (benefit)		1,344,787		(429,546)
Amortization of right of use assets		361,533		–
Increase (decrease) in cash due to change in:				
Accounts receivable		(11,855,351)		3,852,985
Inventories		(10,730,663)		304,813
Prepaid expenses and other current assets		6,454		(9,008)
Prepaid income taxes		–		28,240
Advance payments to vendors		23,502		27,356
Other assets		(25,272)		(118,460)
Accounts payable		36,410,741		(1,937,071)
Income tax payable		34,059		(3,096)
Advance payments from customers		–		(228,598)
Lease liabilities		(316,462)		–
Accrued liabilities		218,363		(11,690)
Net cash provided by operating activities		22,004,304		775,090
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchases of short-term investments		(1,692)		(5,380,226)
Purchases of shares of a subsidiary		(75,000)		(234,330)
Purchases of property and equipment		(181,746)		(100,768)
Payments for capitalized development costs		(343,360)		(465,352)
Purchases of intangible assets		(193,171)		(70,034)
Net cash used in investing activities		(794,969)		(6,250,710)
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds of payroll protection plan loan		487,300		–
Cash received from exercise of stock options		33,128		–
Net cash provided by financing activities		520,428		–
Effect of foreign currency translation		(15,624)		(52,819)
Net increase (decrease) in cash and cash equivalents		21,714,139		(5,528,439)
Cash and cash equivalents, beginning of year		6,447,505		11,975,944
Cash and cash equivalents, end of year	$	28,161,644	$	6,447,505
Supplemental disclosure of cash flow information:				
Cash paid during the periods for:				
Income taxes	$	(800)	$	(801)
Non-cash investing and financing activities:				
Initial adoption of right to use assets	$	1,501,203	$	–
Initial adoption of lease liabilities	$	1,501,203	$	–

See accompanying notes to consolidated financial statements.

FRANKLIN WIRELESS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BUSINESS OVERVIEW

We are a leading provider of intelligent wireless solutions including mobile hotspots, routers, trackers, and other devices. Our designs integrate innovative hardware and software enabling machine-to-machine (M2M) applications and the Internet of Things (IoT). Our M2M and IoT solutions include embedded modules, modems and gateways built to deliver reliable always-on connectivity supporting a broad spectrum of applications based on 5G/4G wireless technology.

We have a majority ownership position in Franklin Technology Inc. ("FTI"), a research and development company located in Seoul, South Korea. FTI primarily provides design and development services to us for our wireless products.

Our products are generally marketed and sold directly to wireless operators, and indirectly through strategic partners and distributors. Our global customer base extends primarily from the United States to countries in Europe, the Middle East and Africa ("EMEA") and Asia.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary with a majority voting interest of 66.3% (33.7% is owned by non-controlling interests) and 64.2% (35.8% is owned by non-controlling interests) as of June 30, 2020 and as of June 30, 2019, respectively. In the preparation of consolidated financial statements of the Company, intercompany transactions and balances are eliminated and net earnings are reduced by the portion of the net earnings of the subsidiary applicable to non-controlling interests. The increase in the majority voting interest in percentage from 64.2% to 66.3% was due to the purchase by the Company of 43,333 shares of the subsidiary for $75,000 ($1.73 per share) from three non-controlling shareholders during the year ended June 30, 2020. The purchase decreased the non-controlling interests' ownership percentage from 35.8% to 33.7%.

As consolidated financial statements are based on the assumption that they represent the financial position and operating results of a single economic entity, the retained earnings or deficit of the subsidiary at the date of acquisition, October 1, 2009, by the parent are excluded from consolidated retained earnings. When a subsidiary is consolidated, the consolidated financial statements include the subsidiary's revenues, expenses, gains, and losses only from the date the subsidiary is initially consolidated, and the non-controlling interest is reported in the consolidated statement of financial position within equity, separately from the parent's equity. There are no shares of the Company held by any subsidiaries as of June 30, 2020 or June 30, 2019.

Non-controlling Interest in a Consolidated Subsidiary

As of June 30, 2020, the non-controlling interest was $782,015, which represents a $292,969 increase from $489,046 as of June 30, 2020.

The increase in the non-controlling interest of $292,969 was comprised of two components: (1) an increase of $367,969 from income in the subsidiary of $1,059,114 incurred for the year ended June 30, 2020 and (2) a reduction in the ownership percentage of the non-controlling interests due to the repurchase by the Company of 43,333 shares of the subsidiary for $75,000 from three non-controlling shareholders. This decreased the non-controlling interests' ownership percentage from 35.8% to 33.7%.

Segment Reporting

Accounting Standards Codification (“ASC”) 280, “Segment Reporting,” requires public companies to report financial and descriptive information about their reportable operating segments. We identify our operating segments based on how our chief operating decision maker internally evaluates separate financial information, business activities and management responsibility. We have one reportable segment, consisting of the sale of wireless access products.

We generate revenues from three geographic areas, consisting of the United States, EMEA and Asia. The following enterprise-wide disclosure is prepared on a basis consistent with the preparation of the consolidated financial statements. The following table contains certain financial information by geographic area:

	Fiscal Year Ended June 30,	
Net sales:	**2020**	**2019**
United States	$ 74,839,778	$ 36,217,387
Europe, the Middle East and Africa ("EMEA")	–	224,427
Asia	232,520	27,086
Totals	**$ 75,072,298**	**$ 36,468,900**

Long-lived assets, net (property and equipment and intangible assets):	**June 30, 2020**	**June 30, 2019**
United States	$ 1,302,353	$ 1,209,159
Asia	43,688	32,631
Totals	**$ 1,346,041**	**$ 1,241,790**

Fair Value of Financial Instruments

The carrying amounts of financial instruments such as cash equivalents, short-term investments, accounts receivable, accounts payable and debt approximate the related fair values due to the short-term maturities of these instruments. We invest our excess cash into financial instruments which are readily convertible into cash, such as money market funds and certificates of deposit (see Note 3).

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

Allowance for Doubtful Accounts

Based upon our review of our collection history as well as the current balances associated with all significant customers and associated invoices, we do not believe an allowance for doubtful accounts was necessary as of June 30, 2020 and June 30, 2019.

Revenue Recognition

In April 2016, the FASB issued Accounting Standards Update No. 2016-10, Revenue from Contracts with Customers (Topic 606) (ASU 2016-10), which amends and adds clarity to certain aspects of the guidance set forth in the original revenue standard (ASU 2014-09) related to identifying performance obligations and licensing. In May 2016, the FASB issued Accounting Standards Update No. 2016-11, Revenue Recognition (Topic 605), which amends and rescinds certain revenue recognition guidance previously released within ASU 2014-09. In May 2016 the FASB issued Accounting Standards Update No. 2016-12, Revenue from Contracts with Customers (Topic 606) (ASU 2016-12), which provides narrow scope improvements and practical expedients related to ASU 2014-09.

Through June 30, 2018, we recognized revenue in accordance with Accounting Standards Codification ("ASC") 605, "Revenue Recognition," when persuasive evidence of an arrangement exists, the price is fixed or determinable, collection is reasonably assured, and delivery of products has occurred or services have been rendered. Accordingly, we recognized revenues from product sales upon shipment of the products to the customers or when the products are received by the customers in accordance with shipping or delivery terms. We provide a warranty for one year from the shipment or delivery date, which is covered by our vendors pursuant to purchase agreements. Any net warranty related expenditures made by us have historically not been material. Under our sales return policy, customers may generally return products that are under warranty for repair or replacement. On July 1, 2018, we adopted ASU 2014-09 using the modified retrospective method applied to those contracts that were not completed or substantially complete as of June 30, 2018. Results for the reporting period beginning after July 1, 2018 are presented under Topic 606, while prior period amounts have not been adjusted and continue to be reported in accordance with our historic accounting under Topic 605. We recorded no change in retained earnings as of July 1, 2018 as a result of the cumulative impact of adopting Topic 606.

Contracts with Customers

Revenue for sales of products and services is derived from contracts with customers. The products and services promised in contracts primarily consist of hot spot routers. Contracts with each customer generally state the terms of the sale, including the description, quantity and price of each product or service. Payment terms are stated in the contract, primarily in the form of a purchase order. Since the customer typically agrees to a stated rate and price in the purchase order that does not vary over the life of the contract, the majority of our contracts do not contain variable consideration. We establish a provision for estimated warranty and returns. Using historical averages, that provision for the year ended June 30, 2020 was not material.

Disaggregation of Revenue

In accordance with Topic 606, we disaggregate revenue from contracts with customers into geographical regions and by the timing of when goods and services are transferred. We determined that disaggregating revenue into these categories meets the disclosure objective in Topic 606, which is to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by regional economic factors.

Contract Balances

We perform our obligations under a contract with a customer by transferring products in exchange for consideration from the customer. We typically invoice our customers as soon as control of an asset is transferred, and a receivable is established. We, however, recognize a contract liability when a customer prepays for goods and/or services, or we have not delivered goods under the contract since we have not yet transferred control of the goods and/or services.

The balances of our trade receivables are as follows:

	June 30, 2020	June 30, 2019
Accounts Receivable	$ 15,973,537	$ 4,138,469

The balance of contract assets was immaterial as we did not have a significant amount of un-invoiced receivables in the periods ended June 30, 2020 and June 30, 2019.

Our contract liabilities are as follows:

	June 30, 2020	June 30, 2019
Undelivered products	$ 140, 000	$ 140,000

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of measurement in Topic 606. At contract inception, we assess the products and services promised in our contracts with customers. We then identify performance obligations to transfer distinct products or services to the customer. In order to identify performance obligations, we consider all the products or services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

Our performance obligations are satisfied at a point in time. Revenue from products transferred to customers at a single point in time accounted for 99% of net sales for the year ended June 30, 2020. Revenue for non-recurring engineering projects is based on the percentage completion of a project and accounted for 1% of net sales for the year ended June 30, 2020. Most of our revenue recognized at a point in time is for the sale of hot-spot router products. Revenue from these contracts is recognized when the customer can direct the use of and obtain substantially all of the benefits from the product, which generally coincides with title transfer at completion of the shipping process.

As of June 30, 2020, our contracts do not contain any unsatisfied performance obligations, except for undelivered products.

Cost of Goods Sold

All costs associated with our contract manufacturers, as well as distribution, fulfillment and repair services are included in our cost of goods sold. Cost of goods sold also includes amortization expense associated with capitalized product development costs associated with complete technology.

Capitalized Product Development Costs

Accounting Standards Codification ("ASC") Topic 350, "Intangibles - Goodwill and Other" includes software that is part of a product or process to be sold to a customer and shall be accounted for under Subtopic 985-20. Our products contain embedded software internally developed by FTI, which is an integral part of these products because it allows the various components of the products to communicate with each other and the products are clearly unable to function without this coding.

The costs of product development that are capitalized once technological feasibility is determined (noted as technology in progress in the Intangible Assets table in Note 2 to Notes to Consolidated Financial Statements) include related licenses, certification costs, payroll, employee benefits, and other headcount-related expenses associated with product development. We determine that technological feasibility for our products is reached after all high-risk development issues have been resolved. Once the products are available for general release to our customers, we cease capitalizing the product development costs and any additional costs, if any, are expensed. The capitalized product development costs are amortized on a product-by-product basis using the greater of straight-line amortization or the ratio of the current gross revenues to the current and anticipated future gross revenues. The amortization begins when the products are available for general release to our customers.

As of June 30, 2020, and June 30, 2019, capitalized product development costs in progress were $140,193 and $465,352, respectively, and these amounts are included in intangible assets in our consolidated balance sheets. During the year ended June 30, 2020, we incurred $343,360 in capitalized product development costs, and such amounts are primarily comprised of certifications and licenses. All costs incurred before technological feasibility is reached are expensed and included in our consolidated statements of comprehensive income (loss).

Research and Development Costs

Costs associated with research and development are expensed as incurred. Research and development costs were $3,746,502 and $2,955,581 for the years ended June 30, 2020 and 2019, respectively.

Warranties

We provide a warranty for one year which is covered by our vendors and manufacturers under purchase agreements between the Company and the vendors. As a result, we believe we do not have any net warranty exposure and do not accrue any warranty expenses. Historically, the Company has not experienced any material net warranty expenditures.

Shipping and Handling Costs

Costs associated with product shipping and handling are expensed as incurred. Shipping and handling costs, which are included in selling, general and administrative expenses on the statements of comprehensive income, were $642,930 and $1,140,229 for the years ended June 30, 2020 and 2019, respectively.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flow, we consider all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. We invest our excess cash into financial instruments which management believes are readily convertible into cash, such as money market funds that are readily convertible to cash and have a $1.00 net asset value.

Short Term Investments

We have invested excess funds in short term liquid assets of certificates of deposit.

Inventories

Our inventories consist of finished goods and are stated at the lower of cost or net realizable value, cost being determined on a first-in, first-out basis. We assess the inventory carrying value and reduce it, if necessary, to its net realizable value based on customer orders on hand, and internal demand forecasts using management's best estimates given information currently available. Our customer demand is highly unpredictable and can fluctuate significantly caused by factors beyond our control. We may write down our inventory value for potential obsolescence and excess inventory. As of June 30, 2020, and 2019, we have recorded inventory reserves in the amount of $399,437 and $553,281, respectively, for inventories that we have identified as obsolete or slow-moving.

Property and Equipment

Property and equipment are recorded at cost. Significant additions or improvements extending useful lives of assets are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Machinery	6 years
Office equipment	5 years
Molds	3 years
Vehicles	5 years
Computers and software	5 years
Furniture and fixtures	7 years
Facilities improvements	5 years or life of the lease, whichever is shorter

Goodwill and Intangible Assets

Goodwill and certain intangible assets were recorded in connection with the FTI acquisition in October 2009, and are accounted for in accordance with ASC 805, "Business Combinations." Goodwill represents the excess of the purchase price over the fair value of the tangible and intangible net assets acquired. Intangible assets are recorded at their fair value at the date of acquisition. Goodwill and other intangible assets are accounted for in accordance with ASC 350, "Goodwill and Other Intangible Assets." Goodwill and other intangible assets are tested for impairment at least annually and any related impairment losses are recognized in earnings when identified. No impairment was recognized during the years ended June 30, 2020 and 2019.

Intangible Assets

The definite lived intangible assets consisted of the following as of June 30, 2020:

Definite lived intangible assets:	Expected Life	Average Remaining life	Gross Intangible Assets	Less Accumulated Amortization	Net Intangible Assets
Complete technology	3 years	1.8 years	18,397	7,666	10,731
Technology in progress	Not Applicable	-	140,192	–	140,192
Software	5 years	2.9 years	525,930	338,593	187,337
Patents	10 years	7.0 years	20,734	10,821	9,913
Certifications & licenses	3 years	1.9 years	4,078,310	3,301,331	776,979
Total as of June 30, 2020			**$ 4,783,563**	**$ 3,658,411**	**$ 1,125,152**

The definite lived intangible assets consisted of the following as of June 30, 2019:

Definite lived intangible assets:	Expected Life	Average Remaining life	Gross Intangible Assets	Less Accumulated Amortization	Net Intangible Assets
Complete technology	3 years	3.0 years	18,397	–	18,397
Technology in progress	Not Applicable	–	465,352	–	465,352
Software	5 years	2.7 years	423,436	278,266	145,170
Patents	10 years	6.3 years	58,884	8,729	50,155
Certifications & licenses	3 years	0.8 years	3,319,461	2,888,624	430,837
Total as of June 30, 2019			**$ 4,285,530**	**$ 3,175,619**	**$ 1,109,911**

Amortization expense recognized during the years ended June 30, 2020 and 2019 was $482,792 and $422,183, respectively. The amortization expenses of the definite lived intangible assets for the next five years and thereafter are as follows:

	FY2021	FY2022	FY2023	FY2024	FY2025	Thereafter
Total	$ 406,945	$ 338,496	$ 142,776	$ 26,993	$ 26,993	$ 42,757

Long-lived Assets

In accordance with ASC 360, "Property, Plant, and Equipment," we review for impairment of long-lived assets and certain identifiable intangibles whenever events or circumstances indicate that the carrying amount of assets may not be recoverable. We consider the carrying value of assets may not be recoverable based upon our review of the following events or changes in circumstances: the asset's ability to continue to generate income from operations and positive cash flow in future periods; loss of legal ownership or title to the assets; significant changes in our strategic business objectives and utilization of the asset; or significant negative industry or economic trends. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset are less than its carrying amount.

We are not aware of any events or changes in circumstances during the year ended June 30, 2020 that would indicate that the long-lived assets are impaired.

Stock-based Compensation

The Company's employee share-based awards result in a cost that is measured at fair value on an award's grant date, based on the estimated number of awards that are expected to vest. Stock-based compensation is recognized on a straight-line basis over the award's vesting period. The Company estimates the fair value of stock options using a Black-Scholes option pricing model. Transactions with non-employees in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty's performance is complete or the date on which it is probable that performance will occur. Stock-based compensation costs are reflected in the accompanying consolidated statements of comprehensive income based upon the underlying recipients' roles within the Company.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are determined based on the difference between the financial statement and income tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is recorded to reduce the carrying amount of deferred tax assets, unless it is more likely than not such assets will be realized. Current income taxes are based on the year's taxable income for federal and state income tax reporting purposes and the annual change in deferred taxes.

The Company assesses its income tax positions and records tax benefits based upon management's evaluation of the facts, circumstances, and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, the Company records the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit is recognized in the financial statements. The Company classifies interest and penalties associated with such uncertain tax positions as a component of income tax expense.

Earnings per Share Attributable to Common Stockholders

Basic earnings per share is calculated by dividing the net income by the weighted-average number of common shares that were outstanding for the period, without consideration for potential common shares. Diluted earnings per share is calculated by dividing the net income by the sum of the weighted-average number of dilutive potential common shares outstanding for the period determined using the treasury-stock method or the as-converted method. Potentially dilutive shares are comprised of common stock options outstanding under our stock plan.

Concentrations of Credit Risk

We extend credit to our customers and perform ongoing credit evaluations of such customers. We evaluate our accounts receivable on a regular basis for collectability and provide for an allowance for potential credit losses as deemed necessary. No reserve was required or recorded for any of the periods presented.

Substantially all of our revenues are derived from sales of wireless data products. Any significant decline in market acceptance of our products or in the financial condition of our existing customers could impair our ability to operate effectively.

A significant portion of our revenue is derived from a small number of customers. For the year ended June 30, 2020, net sales to our two largest customers represented 46% and 36% of our consolidated net sales, respectively, and 21% and 72% of our accounts receivable balance as of June 30, 2020. For the year ended June 30, 2019, net sales to our two largest customers represented 57% and 24% of our consolidated net sales, respectively, and 56% and 26% of our accounts receivable balance as of June 30, 2019, no other customer accounted for more than ten percent of total net sales.

For the year ended June 30, 2020, we purchased the majority of our wireless data products from two manufacturing companies located in Asia. If they were to experience delays, capacity constraints or quality control problems, product shipments to our customers could be delayed, or our customers could consequently elect to cancel the underlying product purchase order, which would negatively impact our revenue. For the year ended June 30, 2020, we purchased wireless data products from these suppliers in the amount of $67,179,379, or 94% of total purchases, and had related accounts payable of $41,181,840, as of June 30, 2020. For the year ended June 30, 2019, we purchased wireless data products from two suppliers in the amount of $28,858,171, or 97% of total purchases, and had related accounts payable of $4,401,501, as of June 30, 2019.

We maintain our cash accounts with established commercial banks. Such cash deposits exceed the Federal Deposit Insurance Corporation insured limit of $250,000 for each financial institution. However, we do not anticipate any losses on excess deposits.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-02, Leases (ASC Topic 842) (ASU 2016-02), which amends existing standards for leases to increase transparency and comparability among organizations by requiring recognition of lease assets and liabilities on the balance sheet and requiring disclosure of key information about such arrangements. We adopted the standard as of July 1, 2019 using the modified retrospective approach. The adoption of the new standard resulted in the recording of operating lease right-of-use ("ROU") assets and operating lease liabilities of $1,501,203 as of July 1, 2019. As of the adoption date, we have no finance leases. As permitted under ASC 842, we elected several practical expedients that permit us to not reassess (1) whether existing contracts are or contain a lease, (2) the classification of existing leases, and (3) whether previously capitalized costs continue to qualify as initial indirect costs. The application of the practical expedients did not have a significant impact on the measurement of the operating lease liability. The standard did not affect our consolidated net income or cash flows. See "Note 8" for further details.

Recently Issued Accounting Pronouncements

In February 2018, the FASB issued Accounting Standards Update (ASU) 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. Under the amendments in ASU 2018-02, an entity may elect to reclassify the income tax effects of the Tax Cuts and Jobs Act of 2017 on items within accumulated other comprehensive income to retained earnings. We do not expect that the adoption of this update will impact the Company's consolidated financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value accounting is applied for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually). Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, which are directly related to the amount of subjectivity, associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 inputs are observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 inputs are unobservable inputs for the asset or liability.

The carrying values of the Company's financial instruments, including cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and debt, are calculated based on their approximate their fair values due to the short period of time to maturity or repayment. We invest our excess cash into financial instruments which management believes are readily convertible into cash, such as money market funds and certificates of deposit.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of:

	June 30, 2020	June 30, 2019
Machinery and Commercial Equipment	$ 364,054	$ 363,022
Office equipment	420,941	396,222
Molds	940,165	784,170
	1,725,160	1,543,414
Less accumulated depreciation	(1,504,271)	(1,411,535)
Total	**$ 220,889**	**$ 131,879**

Depreciation expense associated with property and equipment was $92,736 and $92,961 for the fiscal years ended June 30, 2020 and 2019, respectively, and is included in selling, general, and administrative expenses on the consolidated statements of comprehensive income.

NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities consisted of the following as of:

	June 30, 2020	June 30, 2019
Accrued payroll deductions owed to government entities	$ 39,380	$ 44,752
Accrued salaries and bonuses	129,000	–
Accrued vacation	58,467	56,335
Accrued undelivered inventory	140,000	140,000
Accrued commission for service providers	98,500	–
Other accrued liabilities	674	6,571
Total	$ 466,021	$ 247,658

NOTE 6 - INCOME TAXES

Income tax provision for the years ended June 30, 2020 and 2019 consists of the following:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Current income tax expense::		
Federal	$ 33,039	$ –
State	2,475	801
	35,514	801
Deferred income tax expense (benefit):		
Federal	1,323,265	(345,083)
State	(293,773)	–
Foreign	315,295	(84,463)
	1,344,787	(429,546)
Provision (benefit) for income taxes	$ 1,380,301	$ (428,745)

The provision (benefit) for income taxes reconciles to the amount computed by applying the effective federal statutory income tax rate to the income before provision for income taxes as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Federal income tax (benefit), at statutory rate of 21% applied to earnings before income taxes and extraordinary items	$ 1,533,352	$ (438,706)
State tax, net of federal tax benefit	128,406	(50,881)
Nondeductible expenses	(45,345)	4,129
R&D credits	(36,841)	(36,127)
Global intangible low-taxed income	31,060	–
Foreign rate difference	74,256	40,660
Other	53,943	666
Rate reduction	–	51,514
Change in valuation allowance	(358,530)	–
Provision (benefit) for income taxes	$ 1,380,301	$ (428,745)

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets are as follows:

	June 30, 2020	June 30, 2019
Deferred tax asset:		
Net operating losses	$ 507,402	$ 1,767,365
State tax	520	169
Lease accounting	10,078	–
Intangibles	38,154	22,678
Tax credits	346,091	666,380
Inventory reserve	103,450	165,160
Other, net	38,085	44,853
Total deferred tax assets	1,043,780	2,666,605
Deferred tax liabilities:		
Deferred state taxes	(61,692)	–
Fixed asset	(43,900)	(25,100)
Total deferred tax liabilities	(105,592)	(25,100)
Less valuation allowance	–	(358,530)
Net deferred tax asset	$ 938,188	$ 2,282,975

Deferred income tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. We have evaluated the available evidence supporting the realization of our gross deferred tax assets, including the amount and timing of forecasted future taxable income. Management determined it is more likely than not that the federal deferred tax assets will be fully realized, and no valuation allowance is necessary as of June 30, 2020.

As of June 30, 2020, we have federal net operating loss carryforwards of approximately $1.2 million and no state net operating loss carryforwards. Under the Tax Cuts and Jobs Act (the “Act”), which was signed into law on December 22, 2017, the federal net operating loss recognized on or after January 1, 2018 will carry forward indefinitely. The federal net operating loss of $1.2 million, which recognized on or before December 31, 2017, will expire through 2035, and the federal net operating loss recognized on or after January 1, 2018, which will carry forward indefinitely, is 0. The utilization of net operating loss carryforwards may be subject to limitations under provisions of the Internal Revenue Code Section 382 and similar state provisions.

We apply the provisions of ASC 740 related to accounting for uncertain tax positions, which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. Under this provision, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. Tax benefits of an uncertain tax position will not be recognized if it has less than a 50% likelihood of being sustained based on technical merits.

A reconciliation of the beginning and ending balance of unrecognized tax benefits, which have been considered in the Company's computation of its deferred tax assets, is as follows:

Balance as of June 30, 2018	$	242,187
Gross increase		33,075
Balance as of June 30, 2019		275,262
Gross increase		21,570
Balance as of June 30, 2020	$	296,832

We do not anticipate any material change in the total amount of unrecognized tax benefits to occur within the next twelve months. ASC 740 requires us to accrue interest and penalties where there is an underpayment of taxes based on our best estimate of the amount ultimately to be paid. Our policy is to recognize interest accrued related to unrecognized tax benefits and penalties as income tax expense. We have not recorded any interest or penalties as the liability associated with the unrecognized tax benefits is immaterial. We are subject to taxation in the U.S., and various state and foreign jurisdictions.

The Tax Cuts and Jobs Act (the "Act") was signed into law on December 22, 2017. The Act includes a provision to reduce federal corporate income tax rate to a flat 21% effective for a taxable year beginning on or after January 1, 2018. ASC 740 provides that deferred tax assets and liabilities be measured at the enacted tax rate expected to apply when the related temporary differences are to be realized or settled, and the related tax impact is recognized through continuing operation in the period in which tax legislation is enacted. Accordingly, the Company remeasures its deferred tax assets and liabilities as of June 30, 2018 and provides income tax provision of $661,629 through continuing operation section of the income statement.

NOTE 7 - EARNINGS PER SHARE

We report earnings per share in accordance with ASC 260, "Earnings Per Share." Basic earnings (loss) per share are computed using the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share represent basic earnings (loss) per share adjusted to include the potentially dilutive effect of outstanding stock options by using the treasury stock method that the proceeds we receive from an in-the-money option exercise are used towards repurchasing common shares in the market. For the year ended June 30, 2020, we have calculated the diluted effect of common stock arising from 251,291 stock options. For the year ended June 30, 2019, we were in a net loss position and have excluded 299,000 stock options from the calculation of diluted net loss per share because these securities are anti-dilutive.

The weighted average number of shares outstanding used to compute loss per share is as follows:

	Year Ended June 30,			
	2020		**2019**	
Net income (loss) attributable to Parent Company	$	5,550,618	$	(1,276,124)
Weighted-average shares of common stock outstanding:				
Basic		10,581,499		10,570,203
Dilutive effect of common stock equivalents arising from stock options		134,480		–
Diluted Outstanding shares		10,715,979		10,570,203
Basic earnings (loss) per share attributable to Parent Company stockholders	$	0.52	$	(0.12)
Diluted earnings (loss) per share attributable to Parent Company stockholders	$	0.52	$	(0.12)

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Leases

On September 9, 2015, we signed a lease for new office space consisting of approximately 12,775 square feet, located in San Diego, California, at a monthly rent of $23,115, which commenced on October 28, 2015. In addition to monthly rent, the new lease includes payment for certain common area costs. The term of the lease for the new office space was four years from the lease commencement date and was then extended by an additional fifty months, to December 31, 2023. Our facility is covered by an appropriate level of insurance and we believe it to be suitable for our use and adequate for our present needs. Our Korea-based subsidiary, FTI leases approximately 10,000 square feet of office space, located in Seoul, Korea, at a monthly rent of approximately $8,000 that expires on August 31, 2021. Beginning on June 12, 2015, FTI leased additional office space consisting of approximately 2,682 square feet, also located in Seoul, Korea, at a monthly rent of approximately $2,700 that expires on August 31, 2021. We lease one corporate housing facility primarily for our employees who travel, under a non-cancelable operating lease that expires on September 4, 2020.

Rent expense for the years ended June 30, 2020 and 2019 was $435,283 and $415,443, respectively. Future minimum payments under operating leases are as follows:

	Payments Due by June 30,				
	2021	**2022**	**2023**	**2024**	**Total**
Administrative office, San Diego, CA	$ 321,930	$ 321,930	$ 321,930	$ 160,965	$ 1,126,755
Administrative office, Korea	107,916	29,432	–	–	137,348
Total Obligations	**$ 429,846**	**$ 351,362**	**$ 321,930**	**$ 160,965**	**$ 1,264,103**

As of June 30, 2020, we used discount rates of 4.0% and 2.8% in determining our operating lease liabilities for the office spaces in San Diego, California, and South Korea, respectively. These rates represented our incremental borrowing rates at that time. Short-term leases with initial terms of twelve months or less are not capitalized. Both our San Diego and Korean office leases were extensions of previous leases and neither contains any further extension provisions.

Future minimum payments under operating leases are as follows:

	Operating Leases
Fiscal 2021	$ 439,657
Fiscal 2022	341,551
Fiscal 2023	321,930
Fiscal 2024	160,965
Total lease payments	1,264,103
Less imputed interest	(79,362)
Total	$ 1,184,741

Litigation

We are from time to time involved in certain legal proceedings and claims arising in the ordinary course of business. Management does not expect any material adverse outcome.

We entered into a Professional Services Agreement with Anydata Corp. ("Anydata") for the productACT233F Smart Link OBD device on May 5, 2017, for a minimum purchase commitment of 250,000 units. We have delivered approximately 25,000 units and 7,000 units during our second and fourth quarters of fiscal 2018, respectively, and an additional 18,000 units during our first quarter of fiscal 2019. Sales to Anydata were approximately $1.8 million for the year ended June 30, 2019. We have received information that Anydata may not be able to fulfill the entire purchase commitment for which parts have already been ordered with our main vendor, Quanta. Management believes that the Company will be able to supply some of the products to another customer and has received personal guarantees from the ownership group of Anydata. As of June 30, 2019, the remaining unfulfilled purchase commitment was approximately $3.1 million. The total product purchase commitment with Quanta was approximately $2.9 million. We have not recorded a receivable from Anydata, nor a liability owed to Quanta. Management believes that, at this time, a loss contingency is reasonably possible but not estimable as to how much ultimately would be paid to Quanta. As of June 30, 2020, we paid $100,000 for the right to call on inventory and recorded an additional $49,580 as a prepaid expense related to pricing adjustments, which has been agreed with Quanta for other products to ensure demand is met. As of June 30, 2020, there is a reasonable possibility we may incur a loss, however, the amount is not estimable at this time.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 19, 2020, the Governor of California declared a health emergency and issued an order to close all nonessential businesses until further notice. As a maker of wireless connectivity devices, Franklin Wireless is deemed to be an essential business. Nonetheless, out of concern for our workers and pursuant to the government order, Franklin Wireless reduced the scope of its operations and, where possible, certain workers began telecommuting from their homes. The continued spread of COVID-19 may result in a period of business disruption, including delays or disruptions in our supply chain. The spread of COVID-19, or another infectious disease, could also negatively affect the operations at our third-party manufacturers, which could result in delays or disruptions in the supply of our products. While the Company expects this situation may increase demand for its products, the related impact cannot be reasonably estimated at this time.

Change of Control Agreements

On September 21, 2009, we entered into Change of Control Agreements with OC Kim, our President, and Yun J. (David) Lee, our Chief Operating Officer. Each Change of Control Agreement provides for a lump sum payment to the officer in case of a change of control of the Company. The term includes the acquisition of Common Stock of the Company resulting in one person or company owning more than 50% of the outstanding shares, a significant change in the composition of the Board of Directors of the Company during any 12-month period, a reorganization, merger, consolidation or similar transaction resulting in the transfer of ownership of more than fifty percent (50%) of the Company's outstanding Common Stock, or a liquidation or dissolution of the Company or sale of substantially all of the Company's assets.

The Change of Control Agreement with Mr. Kim calls for a payment of $5 million upon a change of control, and the agreement with Mr. Lee calls for a payment of $2 million upon a change of control.

The Board of Directors has approved extension of the Change of Control Agreements with Mr. Kim and Mr. Lee, through September 30, 2021.

International Tariffs

We believe that our products are currently exempt from international tariffs upon import from our manufacturers to the United States. If this were to change at any point, a tariff of 10%-25% of the purchase price would be imposed. If such tariffs are imposed, they could have a materially adverse effect on sales and operating results

Customer Indemnification

Under purchase orders and contracts for the sale of our products we may provide indemnification to our customers for potential intellectual property infringement claims for which we may have no corresponding recourse against our third-party licensors. This potential liability, if realized, could materially adversely affect our business, operating results and financial condition.

NOTE 9 - LONG-TERM INCENTIVE PLAN AWARDS

We apply the provisions of ASC 718, “Compensation - Stock Compensation,” using a modified prospective application, and the Black-Scholes model to value stock options. Under this application, we record compensation expense for all awards granted. Compensation costs will be recognized over the period that an employee provides service in exchange for the award, i.e. the vesting period.

We adopted the 2009 Stock Incentive Plan (“2009 Plan”) on June 11, 2009, which provided for the grant of incentive stock options and non-qualified stock options to our employees and directors. Options granted under the 2009 Plan generally have a term of ten years and generally vest and become exercisable at the rate of 33% after one year and 33% on the second and third anniversaries of the option grant dates. Historically, some stock option grants have included shorter vesting periods ranging from one to two years.

The estimated forfeiture rate considers historical turnover rates stratified into employee pools in comparison with an overall employee turnover rate, as well as expectations about the future. We periodically revise the estimated forfeiture rate in subsequent periods if actual forfeitures differ from those estimates. There was no compensation expense recorded under this method for the year ended June 30, 2030.

A summary of the status of our stock options is presented below:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Outstanding as of June 30, 2018	299,000	$ 1.04	2.75	$ 241,220
Granted	–	–	–	–
Exercised	–	–	–	–
Cancelled	–	–	–	–
Forfeited or Expired	–	–	–	–
Outstanding as of June 30, 2019	299,000	$ 1.04	2.75	$ 241,220
Granted	–	–	–	–
Exercised	(35,709)	0.93	–	197,114
Cancelled	–	–	–	–
Forfeited or Expired	(12,000)	1.35	–	66,240
Outstanding as of June 30, 2020	251,291	$ 1.05	1.95	$ 1,124,525
Exercisable as of June 30, 2020	251,291	$ 1.05	1.95	$ 1,124,525

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based upon the Company's closing stock price of $5.52 as of June 30, 2020, which would have been received by the option holders had all option holders exercised their options as of that date. The weighted-average grant-date fair value of stock options outstanding as of June 30, 2020 in the amount of 251,291 shares was $0.93 per share.

As of June 30, 2020, there was no unrecognized compensation cost related to non-vested stock options granted.

NOTE 10 - SUBSEQUENT EVENTS

Management considered subsequent events in the preparation of the Company's financial statements through the date this Form 10-K was filed. On September 9, 2020, we entered into Subscription Agreements with two accredited investors (the "Investors"), pursuant to which we sold and issued to the Investors an aggregate of 923,078 shares of Common Stock at a purchase price of $6.50 per share. The $6,000,007 aggregate purchase price for these Units was paid in cash to the Company.

Exhibit 4.1

DESCRIPTION OF SECURITIES

The following summary of the terms of our capital stock is based upon our Restated Articles of Incorporation (the "Articles of Incorporation") and our Amended and Restated Bylaws (the "Bylaws"). The summary is not complete, and is qualified by reference to our Articles of Incorporation and our Bylaws, which are exhibits incorporated by reference into our Annual Report on Form 10-K. We encourage you to read our Articles of Incorporation, our Bylaws and the applicable provisions of the Nevada Revised Statutes for additional information.

Authorized Shares of Capital Stock

Our authorized capital stock consists of 50,000,000 shares of common stock, $0.001 par value, and 10,000,000 shares of preferred stock.

Market

Our common stock is traded on the OTCBQ under the symbol "FKWL".

Voting Rights

Each holder of shares of our common stock is entitled to one (1) vote for each share held of record by such holder on the applicable record date on all matters submitted to a vote of shareholders. Pursuant to our Articles of Incorporation, shareholders do not have the right to vote cumulatively.

Dividend Rights

Subject to any preferential dividend rights granted to the holders of any shares of our preferred stock that may at the time be outstanding, holders of our common stock are entitled to receive dividends as may be declared from time to time by our board of directors out of funds legally available therefor.

Rights upon Liquidation

Subject to any preferential rights of outstanding shares of preferred stock, holders of our common stock are entitled to share pro rata, upon any liquidation or dissolution, in all remaining assets legally available for distribution to shareholders.

Other Rights and Preferences

Our common stock has no sinking fund, redemption provisions, or preemptive, conversion, or exchange rights.

Certain Anti-Takeover Effects

Certain provisions of our Articles of Incorporation and Bylaws may be deemed to have an anti-takeover effect.

Advance Notice Requirements for Shareholder Proposals and Director Nominations. Our Bylaws provide advance notice procedures for shareholders seeking to bring business before our annual meeting of shareholders or to nominate candidates for election as directors at our annual meeting of shareholders and specify certain requirements regarding the form and content of a shareholder's notice. These provisions might preclude our shareholders from bringing matters before our annual meeting of shareholders or from making nominations for directors at our annual meeting of shareholders if the proper procedures are not followed.

Additional Authorized Shares of Capital Stock. The additional shares of authorized common stock and preferred stock available for issuance under our Articles of Incorporation, could be issued at such times, under such circumstances and with such terms and conditions as to impede a change in control.

Exhibit 10.8

Franklin Wireless Corp.
Common Stock Purchase Agreement

THIS COMMON STOCK PURCHASE AGREEMENT (this "***Agreement***") is made as of the 18th day of August, 2020, by and between Franklin Wireless Corp., a Nevada corporation (the "***Company***"), and TOP Intercube Co., Ltd ("***Purchaser***").

RECITALS

A. The Company has authorized the sale and issuance of an aggregate of 461,539 shares of its Common Stock to Purchaser (the "Shares");

B. Purchaser desires to purchase the Shares on the terms set forth in this Agreement; and

C. The Company desires to issue and sell the Shares to Purchaser in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, representations, warranties, and covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale; Closing.

(a) Subject to the terms and conditions hereof, on or before August 31, 2020 Purchaser shall purchase the Shares from the Company and the Company shall issue and sell the Shares to Purchaser at a purchase price of $6.50 per share, for a total consideration of USD$3,000,003.50, to be delivered by wire transfer to the Company's account (the "***Closing***").

(b) Immediately following the Closing, the Company shall cause its Registrar and Transfer Agent to issue to Purchaser a certificate registered in Purchaser's name, representing the Shares.

2. Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to the Company as follows:

(a) Purchaser has all necessary power and authority to execute and deliver this Agreement and to carry out its provisions. All action on Purchaser's part required for the lawful execution and delivery of this Agreement has been taken. Upon its execution and delivery, this Agreement will be a valid and binding obligation of Purchaser, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (b) as limited by general principles of equity that restrict the availability of equitable remedies.

(b) Purchaser is aware that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and that the Shares are deemed to constitute "restricted securities" under Rule 144 promulgated under the Securities Act ("***Rule 144***"). Purchaser also understands that the Shares are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon Purchaser's representations contained in this Agreement.

(c) Purchaser is obtaining the Shares for Purchaser's own account and Purchaser has no present intention of distributing or selling the Shares except as permitted under the Securities Act and applicable state securities laws.

(d) Purchaser has sufficient knowledge and experience in business and financial matters to evaluate the Company, its proposed activities and the risks and merits of this investment. Purchaser has the ability to accept the high risk and lack of liquidity inherent in this type of investment.

(e) Purchaser had an opportunity to discuss the Company's business, management and financial affairs with directors, officers and management of the Company. Purchaser has also had the opportunity to ask questions of and receive answers from the Company and its management regarding the terms and conditions of this investment.

(f) Purchaser has the capacity to protect its own interests in connection with the purchase of the Shares by virtue of its business or financial expertise.

(g) Purchaser understands that the Shares must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Purchaser has been advised or is aware of the provisions of Rule 144, as in effect from time to time, which permit limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things, the availability of certain current public information about the Company, the resale occurring following the required holding period under Rule 144, and the number of shares being sold during any three month period not exceeding specified limitations.

(h) If Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "***Code***")), Purchaser hereby represents that Purchaser has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Shares, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any government or other consents that may need to be obtained in connection with such purchase, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Shares. The Company's offer and sale and Purchaser's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of Purchaser's jurisdiction.

(i) All corporate action on the part of Purchaser necessary for the authorization of this Agreement, the performance of all obligations of the Purchaser hereunder at the Closing and the payment of the purchase price for the Shares has been taken or will be taken prior to the Closing. This Agreement, when executed and delivered, will be valid and binding obligation of Purchaser, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (b) general principles of equity that restrict the availability of equitable remedies.

(j) Purchaser is an "accredited investor" as defined in Rule 501 issued pursuant to the Securities Act of 1933, as amended, by reason of the fact that it is a corporation, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

3. Representations and Warranties of the Company. The Company hereby represents and warrants to and agrees with Purchaser that each of the following statements is true and correct on the date hereof:

(a) Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada. The Company has all requisite corporate power and authority to own and operate its properties and assets, to execute and deliver this Agreement, to issue and sell the Shares and to carry out the provisions of this Agreement.

(b) Authorization; Binding Obligations. All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization of this Agreement, the performance of all obligations of the Company hereunder at the Closing and the authorization, sale, issuance and delivery of the Shares pursuant hereto has been taken or will be taken prior to the Closing. This Agreement, when executed and delivered, will be valid and binding obligation of the Company enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (b) general principles of equity that restrict the availability of equitable remedies. The sale of the Shares hereunder are not and will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied with as of the date of such sale or conversion.

(c) Offering Valid. Assuming the accuracy of Purchaser's representations and warranties contained herein, the offer, sale and issuance of the Shares will be exempt from the registration requirements of the Securities Act. Neither the Company nor any agent on its behalf has solicited or will solicit any offers to sell or has offered to sell or will offer to sell all or any part of the Shares to any person or persons so as to bring the sale of the Shares by the Company within the registration provisions of the Securities Act or any state securities laws.

4. Restrictions on Transfer.

Purchaser hereby agrees not to make any disposition of all or any portion of the Shares unless and until (i) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or (ii) if reasonably requested by the Company, Purchaser shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Securities Act. The Company shall not be required (i) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement or (ii) to treat as the owner of such Shares or to accord the right to vote or to pay dividends to any transferee to whom such Shares shall have been so transferred.

5. Restrictive Legends.

All certificates representing the Shares shall have endorsed thereon the following legend:

(a) "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER SAID ACT OR OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED."

(b) Any legend required under applicable state securities laws.

6. Miscellaneous.

(a) Further Assurances. The parties agree to execute such further instruments and to take all such further action as may reasonably be necessary to carry out the intent of this Agreement.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(c) Successors and Assigns. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer herein set forth, shall be binding upon Purchaser, and its successors and assigns.

(d) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and merges all prior agreements or understandings, whether written or oral.

(e) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, portions of such provisions, or such provisions in their entirety, to the extent necessary, shall be severed from this Agreement, and the balance of this Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms.

(f) Counterparts and Electronic Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Either or all parties may execute this Agreement by facsimile signature or scanned signature in PDF format, and any such facsimile signature or scanned signature, if identified, legible and complete, shall be deemed an original signature and each of the parties is hereby authorized to rely thereon. The words “execution,” “signed,” “signature” and words of like import in this Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

(g) Amendment and Waiver. This Agreement may be amended or modified only upon the written consent of the Company and Purchaser.

(h) Expenses. Each party shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

PURCHASER:

TOP Intercube Co., Ltd

By: /s/ Oh Joon Kwon
Oh Joon Kwon, CEO

Franklin Wireless Corp.

By: /s/ OC Kim
OC Kim, President

Exhibit 10.9

Franklin Wireless Corp.
Common Stock Purchase Agreement

THIS COMMON STOCK PURCHASE AGREEMENT (this "***Agreement***") is made as of the 18th day of August, 2020, by and between Franklin Wireless Corp., a Nevada corporation (the "***Company***"), and Partron Co., Ltd. ("***Purchaser***").

RECITALS

A. The Company has authorized the sale and issuance of an aggregate of 461,539 shares of its Common Stock to Purchaser (the "Shares");

B. Purchaser desires to purchase the Shares on the terms set forth in this Agreement; and

C. The Company desires to issue and sell the Shares to Purchaser in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, representations, warranties, and covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale; Closing.

(a) Subject to the terms and conditions hereof, on or before August 31, 2020 Purchaser shall purchase the Shares from the Company and the Company shall issue and sell the Shares to Purchaser at a purchase price of $6.50 per share, for a total consideration of USD$3,000,003.50, to be delivered by wire transfer to the Company's account (the "***Closing***").

(b) Immediately following the Closing, the Company shall cause its Registrar and Transfer Agent to issue to Purchaser a certificate registered in Purchaser's name, representing the Shares.

2. Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to the Company as follows:

(a) Purchaser has all necessary power and authority to execute and deliver this Agreement and to carry out its provisions. All action on Purchaser's part required for the lawful execution and delivery of this Agreement has been taken. Upon its execution and delivery, this Agreement will be a valid and binding obligation of Purchaser, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (b) as limited by general principles of equity that restrict the availability of equitable remedies.

(b) Purchaser is aware that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and that the Shares are deemed to constitute "restricted securities" under Rule 144 promulgated under the Securities Act ("***Rule 144***"). Purchaser also understands that the Shares are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon Purchaser's representations contained in this Agreement.

(c) Purchaser is obtaining the Shares for Purchaser's own account and Purchaser has no present intention of distributing or selling the Shares except as permitted under the Securities Act and applicable state securities laws.

(d) Purchaser has sufficient knowledge and experience in business and financial matters to evaluate the Company, its proposed activities and the risks and merits of this investment. Purchaser has the ability to accept the high risk and lack of liquidity inherent in this type of investment.

(e) Purchaser had an opportunity to discuss the Company's business, management and financial affairs with directors, officers and management of the Company. Purchaser has also had the opportunity to ask questions of and receive answers from the Company and its management regarding the terms and conditions of this investment.

(f) Purchaser has the capacity to protect its own interests in connection with the purchase of the Shares by virtue of its business or financial expertise.

(g) Purchaser understands that the Shares must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Purchaser has been advised or is aware of the provisions of Rule 144, as in effect from time to time, which permit limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things, the availability of certain current public information about the Company, the resale occurring following the required holding period under Rule 144, and the number of shares being sold during any three month period not exceeding specified limitations.

(h) If Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "***Code***")), Purchaser hereby represents that Purchaser has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Shares, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any government or other consents that may need to be obtained in connection with such purchase, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Shares. The Company's offer and sale and Purchaser's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of Purchaser's jurisdiction.

(i) All corporate action on the part of Purchaser necessary for the authorization of this Agreement, the performance of all obligations of the Purchaser hereunder at the Closing and the payment of the purchase price for the Shares has been taken or will be taken prior to the Closing. This Agreement, when executed and delivered, will be valid and binding obligation of Purchaser, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (b) general principles of equity that restrict the availability of equitable remedies.

(j) Purchaser is an "accredited investor" as defined in Rule 501 issued pursuant to the Securities Act of 1933, as amended, by reason of the fact that it is a corporation, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

3. Representations and Warranties of the Company. The Company hereby represents and warrants to and agrees with Purchaser that each of the following statements is true and correct on the date hereof:

(a) Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada. The Company has all requisite corporate power and authority to own and operate its properties and assets, to execute and deliver this Agreement, to issue and sell the Shares and to carry out the provisions of this Agreement.

(b) Authorization; Binding Obligations. All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization of this Agreement, the performance of all obligations of the Company hereunder at the Closing and the authorization, sale, issuance and delivery of the Shares pursuant hereto has been taken or will be taken prior to the Closing. This Agreement, when executed and delivered, will be valid and binding obligation of the Company enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (b) general principles of equity that restrict the availability of equitable remedies. The sale of the Shares hereunder are not and will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied with as of the date of such sale or conversion.

(c) Offering Valid. Assuming the accuracy of Purchaser's representations and warranties contained herein, the offer, sale and issuance of the Shares will be exempt from the registration requirements of the Securities Act. Neither the Company nor any agent on its behalf has solicited or will solicit any offers to sell or has offered to sell or will offer to sell all or any part of the Shares to any person or persons so as to bring the sale of the Shares by the Company within the registration provisions of the Securities Act or any state securities laws.

4. Restrictions on Transfer.

Purchaser hereby agrees not to make any disposition of all or any portion of the Shares unless and until (i) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or (ii) if reasonably requested by the Company, Purchaser shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Securities Act. The Company shall not be required (i) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement or (ii) to treat as the owner of such Shares or to accord the right to vote or to pay dividends to any transferee to whom such Shares shall have been so transferred.

5. Restrictive Legends.

All certificates representing the Shares shall have endorsed thereon the following legend:

(a) "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER SAID ACT OR OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED."

(b) Any legend required under applicable state securities laws.

6. Miscellaneous.

(a) Further Assurances. The parties agree to execute such further instruments and to take all such further action as may reasonably be necessary to carry out the intent of this Agreement.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(c) Successors and Assigns. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer herein set forth, shall be binding upon Purchaser, and its successors and assigns.

(d) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and merges all prior agreements or understandings, whether written or oral.

(e) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, portions of such provisions, or such provisions in their entirety, to the extent necessary, shall be severed from this Agreement, and the balance of this Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms.

(f) Counterparts and Electronic Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Either or all parties may execute this Agreement by facsimile signature or scanned signature in PDF format, and any such facsimile signature or scanned signature, if identified, legible and complete, shall be deemed an original signature and each of the parties is hereby authorized to rely thereon. The words “execution,” “signed,” “signature” and words of like import in this Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

(g) Amendment and Waiver. This Agreement may be amended or modified only upon the written consent of the Company and Purchaser.

(h) Expenses. Each party shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

PURCHASER:

Partron Co., Ltd

By: /s/ Jong Koo Kim
Jong Koo Kim, CEO

COMPANY:

Franklin Wireless Corp.

By: /s/ OC Kim
OC Kim, President

EXHIBIT 31.1

CERTIFICATION

I, OC Kim, certify that:

1. I have reviewed this Annual Report on Form 10-K.A of Franklin Wireless Corp.

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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) for the registrant and have:

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

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

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

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

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

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

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

Date: September 17, 2020

/s/ OC Kim

OC Kim
Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, OC Kim, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Franklin Wireless Corp.

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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) for the registrant and have:

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

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

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

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

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

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

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

Date: September 17, 2020

/s/ OC Kim

OC Kim
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 Amendment to its Annual Report of Franklin Wireless Corp. (the *"Company"*) on Form 10-K/A for the fiscal year ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the *"Report"*), I, OC Kim, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: September 17, 2020

/s/ OC Kim

OC Kim
President

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 Amendment to its Annual Report of Franklin Wireless Corp. (the *"Company"*) on Form 10-K/A for the fiscal year ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the *"Report"*), I, OC Kim, Acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: September 17, 2020

/s/ OC Kim

OC Kim
Acting Chief Financial Officer