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

FORM 10-Q

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

For the quarterly period ended June 30, 2022

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

For the transition period from ______, 20___, to _____, 20___.

Commission File Number 001-41204

Hour Loop, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**47-2869399**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
8201 164th Ave. NE **Redmond, VA**	**98052-7615**
(Address of Principal Executive Offices)	(Zip Code)

(206) 385-0488, ext. 100
(Registrant's Telephone Number, Including Area Code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each Exchange on which Registered
Common Stock	HOUR	The Nasdaq Capital Market

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

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

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

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

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

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

As of August 12, 2022, there were 35,042,578 shares of common stock, par value $0.0001 per share, of the registrant issued and outstanding.

Hour Loop, Inc.

Contents

Item 1. Financial Statements.

HOUR LOOP, INC.
CONSOLIDATED BALANCE SHEETS
As of June 30, 2022 (Unaudited) and December 31, 2021

	June 30, 2022 (unaudited)	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	**$ 2,306,430**	$ 10,592,572
Accounts receivable, net	**151,607**	125,991
Inventory, net	**14,601,346**	7,041,864
Prepaid expenses and other current assets	**831,839**	965,298
Total current assets	**17,891,222**	18,725,725
Property and equipment, net	**156,335**	15,667
Deferred tax assets	**325,030**	45,488
Right-of-use lease assets	**485,066**	30,111
TOTAL ASSETS	**$ 18,857,653**	$ 18,816,991
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	**$ 5,358,935**	$ 9,539,258
Accrued expenses and other current liabilities	**1,255,714**	1,282,161
Due to related parties	**4,294,731**	5,214,794
Income taxes payable	**126,333**	126,333
Current operating lease liabilities	**303,923**	-
Total current liabilities	**11,339,636**	16,162,546
Non-current liabilities		
Long-term operating lease liabilities	**184,704**	-
Total liabilities	**11,524,340**	16,162,546
Commitments and contingencies	**-**	-
Stockholders' equity		
Preferred stock: $0.0001 par value, 10,000,000 shares authorized, none issued and outstanding	**-**	-
Common stock: $0.0001 par value, 300,000,000 shares authorized, 35,042,578 and 33,300,000 shares issued and outstanding	**3,504**	3,330
Additional paid-in capital	**5,645,322**	4,291
Retained earnings	**1,696,400**	2,654,695
Accumulated other comprehensive loss	**(11,913)**	(7,871)
Total stockholders' equity	**7,333,313**	2,654,445
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 18,857,653**	$ 18,816,991

HOUR LOOP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Periods Ended June 30, 2022 AND 2021
(Unaudited)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	**Six Months Ended June 30, 2022**	Six Months Ended June 30, 2021
Revenues, net	**$ 14,800,518**	$ 11,643,230	**$ 27,154,501**	$ 20,966,143
Cost of revenues	**(6,443,910)**	(4,845,441)	**(12,341,179)**	(8,939,993)
Gross profit	**8,356,608**	6,797,789	**14,813,322**	12,026,150
Operating expenses				
Selling and marketing	**6,480,625**	4,803,598	**12,006,727**	8,630,792
General and administrative	**2,275,642**	925,698	**3,951,606**	1,462,507
Total operating expenses	**8,756,267**	5,729,296	**15,958,333**	10,093,299
(Loss) income from operations	**(399,659)**	1,068,493	**(1,145,011)**	1,932,851
Other (expenses) income				
Other expense	**(3,944)**	(3,754)	**(9,394)**	(4,624)
Interest expense	**(20,567)**	(10,328)	**(104,125)**	(10,328)
Other income	**13,754**	52,098	**20,693**	54,504
Total other (expenses) income, net	**(10,757)**	38,016	**(92,826)**	39,552
(Loss) income before income taxes	**(410,416)**	1,106,509	**(1,237,837)**	1,972,403
Provision for income taxes	**97,009**	-	**279,542**	-
Net (loss) income	**(313,407)**	1,106,509	**(958,295)**	1,972,403
Other comprehensive (loss) income				
Foreign currency translation adjustments	**(9,497)**	2,893	**(11,913)**	1,671
TOTAL COMPREHENSIVE (LOSS) INCOME	**$ (322,904)**	$ 1,109,402	**$ (970,208)**	$ 1,974,074
Basic and diluted (loss) income per common share	**$ (0.01)**	$ 0.03	**$ (0.03)**	$ 0.06
Weighted-average number of common shares outstanding	**34,939,695**	33,300,000	**33,300,000**	33,300,000

HOUR LOOP, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Periods Ended June 30, 2022 AND 2021
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
BALANCE AT March 31, 2021	33,300,000	$ 3,330	$ 4,291	$ 4,885,513	$ (4,403)	$ 4,888,731
Contribution						-
Distribution				(2,132,000)		(2,132,000)
Currency translation adjustments					1,671	1,671
Net Income	-	-	-	1,106,509	-	1,106,509
BALANCE AT June 30, 2021	33,300,000	$ 3,330	$ 4,291	$ 3,860,022	$ (2,732)	$ 3,864,911
BALANCE AT March 31, 2022	35,032,753	$ 3,503	$ 5,615,322	$ 2,009,807	$ (10,287)	$ 7,618,345
Stock based compensation	9,825	1	30,000			30,001
Currency translation adjustments					(1,626)	(1,626)
Net Loss	-	-	-	(313,407)	-	(313,407)
BALANCE AT June 30, 2022	35,042,578	$ 3,504	$ 5,645,322	$ 1,696,400	$ (11,913)	$ 7,333,313

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
BALANCE AT DECEMBER 31, 2020	33,300,000	$ 3,330	$ 1,491	$ 4,019,619	$ (3,181)	$ 4,021,259
Contribution			2,800			2,800
Distribution				(2,132,000)		(2,132,000)
Currency translation adjustments					449	449
Net Income	-	-	-	1,972,403	-	1,972,403
BALANCE AT June 30, 2021	33,300,000	$ 3,330	$ 4,291	$ 3,860,022	$ (2,732)	$ 3,864,911
BALANCE AT DECEMBER 31, 2021	33,300,000	$ 3,330	$ 4,291	$ 2,654,695	$ (7,871)	$ 2,654,445
Capital increase	1,725,000	172	5,580,020			5,580,192
Stock based compensation	17,578	2	61,011			61,013
Currency translation adjustments					(4,042)	(4,042)
Net Loss	-	-	-	(958,295)	-	(958,295)
BALANCE AT June 30, 2022	35,042,578	$ 3,504	$ 5,645,322	$ 1,696,400	$ (11,913)	$ 7,333,313

HOUR LOOP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Periods Ended June 30, 2022 AND 2021
(Unaudited)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flows from operating activities		
Net (loss) income	$ (958,295)	$ 1,972,403
Reconciliation of net (loss) income to net cash used in operating activities:		
Depreciation expenses	22,498	-
Noncash lease expenses	124,570	34,812
Prepaid expenses -IPO costs	(576,167)	-
Distribution to director and supervisor	61,013	-
Interest expense -due to related party	104,125	-
Changes in operating assets and liabilities:		
Accounts receivable	(25,616)	46,593
Inventory	(7,576,329)	(1,494,644)
Prepaid expenses and other current assets	(88,248)	(97,839)
Accounts payable	(4,180,324)	(193,617)
Accrued expenses and other current liabilities	(55,322)	(489,001)
Operating lease liabilities	(98,930)	1,571
Net cash used in operating activities	(13,247,025)	(219,722)
Cash flows from investing activities:		
Purchases of property and equipment	(164,174)	-
Net cash used in investing activities	(164,174)	-
Cash flows from financing activities:		
Net advances from related parties	(1,024,188)	(18,241)
Capital contribution	-	2,800
Cash capital increase	6,156,360	-
Distribution to stockholders	-	(2,132,000)
Net change in line of credit	-	(27,012)
Net cash provided by (used in) financing activities	5,132,172	(2,174,453)
Effect of changes in foreign currency exchange rates	(7,115)	4,696
Net change in cash and cash equivalents	(8,286,142)	(2,389,479)
Cash and cash equivalents at beginning of year	10,592,572	4,968,064
Cash and cash equivalents at end of year	$ 2,306,430	$ 2,578,585
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for income tax	$ -	$ -
Noncash investing and financing activities:		
Right-of-use of assets and operating lease liabilities recognized	$ 606,443	$ -
Noncash distribution to stockholders	$ -	$ -
Noncash short-term debt from related parties	$ -	$ -

NOTE 1 – Nature of Operations and Summary of Significant Accounting Policies

Hour Loop, Inc. ("Hour Loop" or the "Company") is a rapidly growing technology-enabled consumer products company that uses machine learning and data analytics to design, develop, market and sell products. Hour Loop predominantly operates through online retail channels such as Amazon, Walmart, and Hourloop.com. The Company, as an Internet marketplace seller, is selling products in multiple categories, including home/garden décor, toys, kitchenware, apparels, and electronics. The Company has only one segment, which is online retails (E-Commerce).

The Company was incorporated on January 13, 2015 under laws of the state of Washington. On April 7, 2021, the Company was converted from a Washington corporation to a Delaware corporation.

In 2019, Hour Loop, Inc. formed a wholly owned subsidiary, Flywheel Consulting Ltd. ("Flywheel") to provide business operating consulting services, exclusively to Hour Loop, Inc.

Reorganization – On June 30, 2021, the Company completed a corporate reorganization to convert its status from a S corporation (10,000,000 common shares issued and outstanding) to a C corporation (10,000,000 common shares issued and outstanding) with an effective date of July 27, 2021. The reorganization did not change the ownership of the Company and the each of the two stockholders (Sam Lai and Maggie Yu) continues to own 50% of the Company's outstanding shares. The discussion and presentation of the unaudited financial statements herein assumes the completion of the Reorganization had become effective as of the beginning of the first period presented in the accompanying unaudited consolidated financial statements.

Basis of Presentation – The unaudited consolidated financial statements and accompanying notes of the Company have been prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP").

Principles of Consolidation – The unaudited consolidated financial statements include the accounts of Hour Loop and Flywheel. All material inter-company accounts and transactions were eliminated in consolidation.

Foreign Currency and Currency Translation – The assets and liabilities of Flywheel, having a functional currency other than the U.S. dollar, are translated into U.S. dollars at exchange rates in effect at period-end, with resulting translation gains or losses included within other comprehensive income or loss. Revenues and expenses are translated into U.S. dollars at average monthly rates of exchange in effect during each period. All of the Company's foreign operations use their local currency as their functional currency. Currency gains or losses resulting from transactions executed in currencies other than the functional currency are included in other income (expense) in the consolidated statement of operations and other comprehensive income.

The Company is exposed to foreign currency exchange risk through its foreign subsidiary in Taiwan, which reports its earnings in Taiwan dollars. The Company translates the foreign assets and liabilities at exchange rates in effect at the consolidated balance sheet date, and translates the revenues and expenses using average rates during the year. The resulting foreign currency translation adjustments are recorded as a separate component of accumulated other comprehensive income or loss in the accompanying consolidated balance sheet and the consolidated statements of operations. The Company does not hedge foreign currency translation risk in the net assets and income reported from these sources.

The relevant exchange rates are listed below:

	June 30, 2022	December 31, 2021
Period NTD: USD exchange rate	29.670	27.810
Period Average NTD: USD exchange rate	29.579	28.114

Use of Estimates – The preparation of financial statements in conformity with US GAAP 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 differ from these estimates.

Significant estimated include, but not limited to, estimates associated with the collectability of accounts receivable and inventory valuation.

COVID-19 Pandemic – In March 2020, the World Health Organization recognized the novel strain of coronavirus (COVID-19) as a pandemic. This COVID-19 outbreak has severely restricted the level of economic activity around the world. In response to this COVID-19 outbreak, the governments of many countries, states, cities, and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. The Company's services, operating results and financial performance could be adversely affected by the overall impacts of the pandemic. Management has determined that there is no material uncertainty that casts substantial doubt on the Company's ability to continue as a going concern. It is expected that COVID-19 might have some impact, though it is not anticipated to be significant.

Cash and Cash Equivalents – The Company considers all highly liquid financial instruments purchased with original maturities of three months or less to be cash and cash equivalents. The carrying amount of cash and cash equivalents approximates fair value.

Accounts Receivable and Allowance for Doubtful Accounts – Accounts receivable are stated at historical cost less allowance for doubtful accounts. On a periodic basis, management evaluates its accounts receivable and determines whether to provide an allowance or if any accounts should be written off based on a past history of write-offs, collections and current credit conditions. A receivable is considered past due if the Company has not received payments based on agreed-upon terms. The Company generally does not require any security or collateral to support its receivables. The collection is primarily through Amazon and collection period is usually less than 7 days. The Company performs on-going evaluations of its customers and maintains an allowance for bad and doubtful receivables. As of June 30, 2022 and December 31, 2021, the Company did not deem it necessary to have an allowance for bad debt or doubtful accounts.

Inventory and Cost of Goods Sold – The Company's inventory consists almost entirely of finished goods. Inventories are stated at the lower of cost or net realizable value. Cost is principally determined on a first-in first-out basis. The Company's costs include the amounts it pays manufacturers for product, tariffs and duties associated with transporting product across national borders, and freight costs associated with transporting the product from its manufacturers to its warehouses, as applicable. The merchandise with terms of FOB shipping point from vendors was recorded as the inventory-in-transit when inventory left the shipping dock of the vendors but not yet reached the receiving dock of the Company. Management continually evaluates its estimates and judgments including those related to merchandise inventory.

The "Cost of revenues" line item in the consolidated statements of operations is principally inventory sold to customers during the reporting period. The Company had inventory allowance balances of $353,912 and $184,720 as of June 30, 2022 and December 31, 2021, respectively. Full inventory allowance is recorded for the inventory SKU not sold for more than one year.

Property and Equipment – Property and equipment are recorded at cost and depreciated or amortized over the estimated useful life of the asset using the straight-line method. The Company elected to expense any individual property and equipment items under $2,500. Thus, the Company had property and equipment of $156,335 and $15,667 as of June 30, 2022 and December 31, 2021, respectively.

The majority of the Company's property and equipment is computers and the estimated useful lives is 3 years.

Fair Value Measurement – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The carrying amounts reported in the Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, accounts payable, long-term liabilities, due to related parties and other current liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments.

Revenue Recognition – The Company accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC Topic 606"). The Company adopted ASC Topic 606 as of January 1, 2019. The standard did not affect the Company's consolidated financial position, or cash flows. There were no changes to the timing of revenue recognition as a result of the adoption.

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provided a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as performance obligations are satisfied.

The Company derives its revenue from the sale of consumer products. The Company sells its products directly to consumers through online retail channels. The Company considers customer order confirmations to be a contract with the customer. Customer confirmations are executed at the time an order is placed through third-party online channels. For all of the Company's sales and distribution channels, revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment date. As a result, the Company has a present and unconditional right to payment and record the amount due from the customer in accounts receivable.

The Company evaluated principal versus agent considerations to determine whether it is appropriate to record platform fees paid to Amazon as an expense or as a reduction of revenue. Platform fees are recorded as sales and distribution expenses and are not recorded as a reduction of revenue because the Company owns and controls all the goods before they are transferred to the customer. The Company can, at any time, direct Amazon, similarly, other third-party logistics providers ("Logistics Providers"), to return the Company's inventories to any location specified by the Company. It is the Company's responsibility to make any returns made by customers directly to Logistic Providers and the Company retains the back-end inventory risk. Further, the Company is subject to credit risk (i.e., credit card chargebacks), establishes prices of its products, can determine who fulfills the goods to the customer (Amazon or the Company) and can limit quantities or stop selling the goods at any time. The customer can return the products within 30 days after the products are delivered and estimated sales returns are calculated based on the expected returns. Based on these considerations, the Company is the principal in this arrangement. The rates of sales returns were 6.36% and 5.86% for the periods ended June 30, 2022 and 2021, respectively.

The Company also offers price discounts. From time to time, the Company offers price discounts on certain selected items to stimulate the sales of those items. Revenue is measured as the amount of consideration for which the Company expects to be entitled in exchange for transferring goods. Consistent with this policy, the Company reduces the amount of these discounts from the gross revenue to calculate the net revenue recorded on the statement of operations.

A performance obligation is a promise in a contract to transfer a distinct good to the customer and is the unit of account in ASC Topic 606. A contract's transaction price is recognized as revenue when the performance obligation is satisfied. Each of the Company's contracts have a single distinct performance obligation, which is the promise to transfer individual goods. For consumer product sales, the Company has elected to treat shipping and handling as fulfillment activities, and not a separate performance obligation. The Company has shipping and handling costs of $5,800,777 and $4,145,487 for the periods ended of June 30, 2022 and 2021, respectively, which were recorded in Selling and Marketing expenses. Accordingly, the Company recognizes revenue for its single performance obligation related to product sales at the time control of the merchandise passes to the customer, which is generally at the time of shipment. The Company bills customers for charges for shipping and handling on certain sales and such charges are recorded as part of net revenue.

For each contract, the Company considers the promise to transfer products to be the only identified performance obligation. In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment to determine the net consideration to which the Company expects to be entitled. The Company's revenues for the periods ended June 30, 2022 and 2021 are recognized at a point in time.

Income Taxes – Prior to 2021, the Company, with the stockholders' consent, elected to be taxed as an "S corporation" under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and comparable state income tax law. As an S corporation, the Company was generally not subject to corporate income taxes, and the Company's net income or loss is reported on the individual tax return of the stockholders of the Company. On July 27, 2021, the Company's tax status changed to a C Corporation. Per ASC 740-10-45-19, when deferred tax accounts are recognized or derecognized as required by paragraphs 740-10-25-32 and 740-10-40-6 due to a change in tax status, the effect of recognizing or derecognizing the deferred tax liability of asset shall be included in income from continuing operations.

The Company also complied with state tax code, including California franchise tax. Management has evaluated its tax positions and has concluded that the Company had taken no uncertain tax positions that could require adjustment or disclosure in the financial statements to comply with provisions set forth in ASC section 740, *Income Taxes*.

Presentation of Sales Taxes – Governmental authorities impose sales tax on all of the Company's sales to nonexempt customers. The Company collects sales tax from customers and remits the entire amount to the governmental authorities. The Company's accounting policy is to exclude the tax collected and remitted from revenues and cost of revenues.

The Company makes an assessment of sales tax payable including any related interest and penalties and accrues these estimated on the financial statements. Pursuant to the Wayfair decision, each state enforces sales tax collection at different dates. The Company collects and remits sales tax in accordance with the state regulations. The Company estimates that as of June 30, 2022 and December 31, 2021, it owed $701,801 and $620,963, respectively, in sales taxes along with penalties and interest.

Concentrations of Risks – Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company maintains cash with various domestic and foreign financial institutions of high credit quality. The Company performs periodic evaluations of the relative credit standing of all of the aforementioned institutions.

The Company's accounts receivables are derived from sales contracts with a large number of customers. The Company maintains reserves for potential credit losses on customer accounts when deemed necessary. Significant customers are those which represent more than 10% of the Company's total net revenue or gross accounts receivable balance at the balance sheet date. During the periods ended June 30, 2022 and 2021, the Company had no customers that accounted for 10% or more of total net revenues. In addition, as of June 30, 2022 and 2021, the Company had no customers that accounted for 10% or more of gross accounts receivable. As of June 30, 2022 and 2021, all of its accounts receivable is held by the Company's sales platform agent, Amazon, which collects money on the Company's behalf from its customers. Therefore, the Company's accounts receivable are comprised of receivables due from Amazon and the reimbursement from Amazon to the Company usually takes 15 to 20 days.

The Company's business is reliant on one key vendor which currently provides the Company with its sales platform, logistics and fulfillment operations, including certain warehousing for the Company's net goods, and invoicing and collection of its revenue from the Company's end customers. During the periods ended June 30, 2022 and 2021, approximately 100% of the Company's revenue was through or with the Amazon sales platform.

Selling and Marketing – Selling and marketing expenses are expensed as incurred in accordance with ASC 720-35. Among these, advertising and promotion expenses were $935,302 and $776,237 for periods ended June 30, 2022 and 2021, respectively.

General and Administrative – General and administrative expenses are expensed as incurred in accordance with ASC 720-35.

Commitments and Contingencies – Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Related Parties – The Company accounts for related party transactions in accordance with FASB ASC Topic 850 (Related Party Disclosures). A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

Earnings per Share – The Company computes basic earnings per common share using the weighted-average number of shares of common stock outstanding during the period. For the period in which the Company reports net losses, diluted net loss per share attributable to stockholders is the same as basic net loss per share attributable to stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

NOTE 2 – Recent Accounting Pronouncements

The FASB issues ASU to amend the authoritative literature in the ASC. There have been several ASUs to date that amend the original text of the ASCs. Other than those discussed below, the Company believes those ASUs issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to the Company or (iv) are not expected to have a significant impact on the Company.

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes, as part of its Simplification Initiative to reduce the cost and complexity in accounting for income taxes. This standard removes certain exceptions related to the approach for intra period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also amends other aspects of the guidance to help simplify and promote consistent application of US GAAP. The amendments in these ASUs are effective for the Company's fiscal years, and interim periods within those fiscal years beginning October 1, 2022. The Company does not expect to early adopt this guidance and is in the process of evaluating the impact of adoption of this guidance on the Company's consolidated financial statements.

NOTE 3 – Cash and Cash Equivalents

Cash and cash equivalents was comprised of the following as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Checking account	$ 2,305,157	$ 10,591,158
Savings account and Cash	1,273	1,414
Total	$ 2,306,430	$ 10,592,572

NOTE 4 – Inventory

Inventory was comprised of the following as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Inventory	$ 13,649,741	$ 5,852,658
Inventory-In-Transit	1,305,517	1,373,926
Allowance	(353,912)	(184,720)
Total	$ 14,601,346	$ 7,041,864

For the fiscal period June 30, 2022 and December 31, 2021, the Company recorded inventory provision as follows:

	June 30, 2022	December 31, 2021
Allowance of inventory		
Beginning balance	$ 184,720	$ 431,313
Provision	228,296	116,359
Write off	(59,104)	(362,952)
Ending balance	$ 353,912	$ 184,720

NOTE 5 – Property and Equipment

Property and equipment was comprised of the following as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Property and equipment	$ 179,180	$ 16,115
Accumulated depreciation	(22,845)	(448)
Total property and equipment, net	$ 156,335	$ 15,667

NOTE 6 – Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets was comprised of the following as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Advance to suppliers	$ 186,021	$ 78,875
Prepaid expenses	395,305	120,899
Prepaid expenses-IPO costs	-	576,168
Tax receivable	119,250	114,640
Lease refundable deposit	102,979	70,554
Other current assets	28,284	4,162
Total	$ 831,839	$ 965,298

NOTE 7 – Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities were comprised of the following as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Sales tax payable	$ 701,801	$ 620,963
Accrued payroll	-	476,277
Accrued expenses	502,366	116,679
Other payable	51,547	68,242
Total	$ 1,255,714	$ 1,282,161

NOTE 8 – Loans

Line of Credit

On June 19, 2019, the Company signed a line of credit agreement in the amount of $785,000 with Bank of America. The line of credit matures on June 18, 2024 and bears interest at a rate of 8.11% per annum.

As of June 30, 2022 and December 31, 2021, the outstanding balance under the Bank of America line of credit was $-0- and $-0-, respectively. Also, the Company has accrued interest expense of $27,996 as of December 31, 2020 that has not been paid. Accrued interest expense has been recorded in the accrued expenses on the balance sheet.

NOTE 9 – Related Party Transactions

From time to time, the Company receives loans and advances from its stockholders to fund its operations. As of June 30, 2022 and December 31, 2021, the Company had $4,294,731 and $5,214,794 due to related parties, respectively.

On December 30, 2020 and later modified on September 16, 2021, the Company and the shareholders entered into a loan agreement of $1,041,353 and converted it into a retroactive interest-bearing (2%) loan with a repayment date of December 31, 2021. On January 18, 2022, the Company repaid the loan in full.

Consistent with Code Section 1362, the retained earnings as of July 27, 2021 were distributed to the S corporation stockholders, while stockholders and the Company have entered into an agreement for this amount to be loaned to the Company. As a result, on July 27, 2021, the Company and the stockholders agreed the loan of $4,170,418 from stockholders to the Company, and the loan was subordinated. The annual interest rate is 2% and the repayment date is December 31, 2022. The Company has accrued interest of $124,313 as of June 30, 2022.

NOTE 10 – Leases

As of January 1, 2019, the Company adopted ASC Topic 842, Leases, which allows the Company to apply the transition provision at the Company's adoption date instead of at the earliest comparative period presented in the financial statements. Therefore, the Company recognized and measured leases existing at January 1, 2019 but without retrospective application. In addition, the Company elected the optional practical expedient permitted under the transition guidance which allows the Company to carry forward the historical accounting treatment for existing leases upon adoption. No impact was recorded to the beginning retained earnings for ASC Topic 842. The Company had three operating leases as of June 30, 2022. The leased assets in Flywheel are presented as right-of-use assets.

The table below reconciles the fixed component of the undiscounted cash flows for each of the first five years and the total remaining years to the operating lease liabilities recorded in the statements of financial position as of June 30, 2022:

Initial lease term	Flywheel January 2020 to August 2022	Flywheel January 2022 to December 2023	Flywheel June 2022 to May 2024
Initial recognition of right-of-use assets	$ 26,995	$ 488,262	$ 105,632
Weighted-average remaining lease term at June 30, 2022	0.2	1.5	1.9
Weighted-average discount rate at June 30, 2022	8.11%	8.11%	8.11%

Current lease liabilities as of June 30, 2022 and December 31, 2021 were $303,923 and $0. Long-term lease liabilities as of June 30, 2022 and December 31, 2021 were $184,704 and $0. The right-of-use assets balance as of June 30, 2022 and December 31, 2021, were $485,066 and $30,111.

In 2022, Flywheel has entered into two new lease agreements for office space in Taiwan. The lease terms are January 1, 2022 to December 31, 2023, and June 1, 2022 to May 31, 2024, respectively, and the total contract amounts are $530,760 and $114,016, respectively.

For the Year Ending June 30,		Amount
2022	$	174,589
2023		332,418
2024		23,753
2025		-
2026 and thereafter		-
Total minimum lease payments		530,760
Less: effect of discounting		(42,133)
Present value of the future minimum lease payment lease payment		488,627
Less: current operating lease liabilities		(303,923)
Total long-term operating lease liabilities	$	184,704

NOTE 11 – Income Tax

The components of income taxes provision (benefit) are as follows:

	June 30, 2022	December 31, 2021
Federal rate	21.02%	21.00%
Blended state tax rate	3.81%	4.05%
Effective tax rate	24.83%	25.05%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at June 30, 2022 and 2021 are presented below:

Tax Expense Summary	**Current income tax expense (benefit)**	**Deferred income tax benefit**	**Total income tax benefit**
Federal	-	(236,678)	(236,678)
State	-	(42,864)	(42,864)
Total Tax Expense	-	(279,542)	(279,542)

The Company files income tax return in the U.S. federal jurisdiction and Washington state jurisdictions. Based on management's evaluation, there is no provision necessary for material uncertain tax positions for the Company at June 30, 2022.

Deferred Tax Assets summary	**Deferred Tax Assets June 30, 2022**	**Deferred Tax Assets December 31, 2021**
Federal	274,815	38,137
State	50,215	7,351
Total Net DTA (DTL)	325,030	45,488

DTA/(DTL) Summary	**Deferred Tax Assets June 30, 2022**	**Deferred Tax Assets December 31, 2021**
ROU	(780)	(780)
Inventories Allowance	93,583	46,268
Net Loss	232,227	-
Total Net DTA (DTL)	325,030	45,488

NOTE 12 – Revenue

Revenue was comprised of the following for the periods ended June 30, 2022 and 2021:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	$ 15,836,298	$ 12,399,334	$ 29,332,508	$ 22,474,855
Sales returns	(884,373)	(636,455)	(1,864,627)	(1,317,943)
Discounts	(151,407)	(119,649)	(313,380)	(190,769)
Total	$ 14,800,518	$ 11,643,230	$ 27,154,501	$ 20,966,143

NOTE 13 – General and Administrative Expenses

General and administrative expenses were comprised of the following for the periods ended June 30, 2022 and 2021:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Payroll	$ 1,294,397	$ 486,132	$ 2,136,941	$ 763,922
Legal and Professional Fees	320,166	181,577	570,963	229,151
Insurance Expense	115,201	31,220	258,088	62,012
Storage & Rental Fees	101,393	34,077	186,659	63,526
Sales Taxes	72,166	3,098	153,181	11,020
Outside Services	62,253	46,696	132,920	98,613
Franchise Tax	-	-	49,870	-
Pension	36,371	4,747	73,676	23,384
Office Expense	17,898	33,249	52,185	52,468
Software Subscriptions Expense	26,329	1,855	44,172	2,955
Manpower Recruitment Advertising Expense	22,351	9	39,029	1,255
Meals and Entertainment Expense	14,452	4,046	18,994	33,308
Other G&A Expenses	192,665	98,992	234,928	120,893
Total	$ 2,275,642	$ 925,698	$ 3,951,606	$ 1,462,507

NOTE 14 – Stockholders' Equity

Preferred Stock

As of June 30, 2022 and December 31, 2021, the Company had 10,000,000 shares of preferred stock, $0.0001 par value per share, authorized. The Company did not have any preferred shares outstanding as of June 30, 2022 and December 31, 2021. The holders of the preferred stock in preference, are entitled to receive dividends, if and when declared by the Board of Directors.

Common Stock

As of June 30, 2022 and December 31, 2021, the Company had 300,000,000 shares of common stock, $0.0001 par value per share, authorized, and there were 35,042,578 and 33,300,000 shares of common stock outstanding, respectively.

Stock Split

On September 27, 2021, the Company completed a stock split such that each outstanding stock was sub-divided and converted into 4.44 shares of common stock. As result of the stock split, the total number of shares outstanding became 44,400,000.

The authorized capital stock of the Company was 440,000,000 shares of common stock, $0.0001 par value per share, before December 3, 2021.

On December 3, 2021, the Company authorized a reverse stock split. Each existing share was split into 0.75 share of the Company's stock. This reverse stock split caused the number of shares outstanding to decrease from 44,400,000 to 33,300,000. All per share amounts and number of shares in the consolidated financial statements and related notes have been retrospectively adjusted to reflect the reverse stock split.

Share Issuance for Stock Compensation

On January 3, 2022, the Company issued 1,772 shares of Company common stock to each of Sam Lai, our Chief Executive Officer, and Maggie Yu, our Senior Vice President, with a fair market value of $4.00 per share as compensation for services to the Company pursuant to the terms of their Executive Employment Agreements with the Company.

On January 3, 2022, the Company issued 1,750, 1,750, and 709 shares of Company common stock to Michael Lenner, Douglas Branch, and Alan Gao, respectively, with a fair market value of $4.00 per share as compensation for services as directors to the Company pursuant to the terms of their Director Agreements with the Company.

On May 19, 2022, the Company issued 916 shares of Company common stock to each of Sam Lai, Maggie Yu, Michael Lenner, Douglas Branch, and Alan Gao, with a fair market value of $3.2745 per share as compensation for services as executives or directors to the Company pursuant to the terms of their respective Executive Employment Agreements or Director Agreements with the Company.

On June 30, 2022, the Company issued 1,049 shares of Company common stock to each of Sam Lai, Maggie Yu, Michael Lenner, Douglas Branch, and Alan Gao, with a fair market value of $2.8605 per share as compensation for services as executives or directors to the Company pursuant to the terms of their respective Executive Employment Agreements or Director Agreements with the Company.

IPO Proceeds

On January 11, 2022, we closed our initial public offering of 1,725,000 shares of common stock, which included the full exercise of the underwriter's over-allotment option, at a public offering price of $4.00 per share, for aggregate gross proceeds of $6,900,000, prior to deducting underwriting discounts, commissions, and other offering expenses. Our common stock began trading on The Nasdaq Capital Market on January 7, 2022, under the symbol "HOUR". EF Hutton, division of Benchmark Investments, LLC ("EF Hutton"), acted as sole book-running manager for the offering. The net proceeds of the offering, after deducting expenses $743,640 were $6,156,360. Meanwhile, other costs incurred in this IPO totaled $576,167, the main nature of which was professional fees. As a result, common stock increased by $173, and additional paid in capital increased by $5,580,020.

NOTE 15 – Commitments and Contingencies

As of June 30, 2022 and 2021, the Company had no material or significant commitments outstanding.

From time-to-time, the Company is subject to various litigation and other claims in the normal course of business. The Company establishes liabilities in connection with legal actions that management deems to be probable and estimable. As of June 30, 2022 and 2021, the Company had no pending legal proceeds outstanding. No amounts have been accrued in the financial statements with respect to any matters.

NOTE 16 – Subsequent Events

The Company has evaluated subsequent events through August 12, 2022 the date the financial statements were available to be issued. Except as noted above, no other matters were identified affecting the accompanying financial statements or related disclosures.

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

The Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provide a safe harbor for forward-looking statements made by or on behalf of Hour Loop, Inc. (the "Company"). The Company and its representatives may from time to time make written or oral statements that are "forward-looking," including statements contained in this report and other filings with the Securities and Exchange Commission ("SEC") and in our reports and presentations to stockholders or potential stockholders. In some cases, forward-looking statements can be identified by words such as "believe," "expect," "anticipate," "plan," "potential," "continue" or similar expressions. Such forward-looking statements include risks and uncertainties and there are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors, risks and uncertainties can be found in Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as the same may be updated from time to time, including in Part II, Item 1A, "Risk Factors," of this Quarterly Report on Form 10-Q.

Although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, it is not possible to foresee or identify all factors that could have a material effect on the future financial performance of the Company. The forward-looking statements in this report are made on the basis of management's assumptions and analyses, as of the time the statements are made, in light of their experience and perception of historical conditions, expected future developments and other factors believed to be appropriate under the circumstances.

Except as otherwise required by the federal securities laws, we disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this Quarterly Report on Form 10-Q and the information incorporated by reference in this report to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Overview of the Company

Our Business

We are an online retailer engaged in e-commerce retailing in the U.S. market. We have operated as a third-party seller on www.amazon.com since 2013. We have also sold merchandise on our website at www.hourloop.com since 2013. We expanded our operations to www.walmart.com in 2020. To date, we have generated practically all of our revenue as a third-party seller on www.amazon.com and only a negligible amount of revenue from our operations on our website at www.hourloop.com and as a third-party seller on www.walmart.com. We manage more than 100,000 stock-keeping units ("SKUs"). Product categories include home/garden décor, toys, kitchenware, apparels, and electronics. Our primary strategy is to bring most of our vendors product selections to the customers. We have advanced software that assists us in identifying product gaps so we can keep such products in stock year-round including the entirety of the last quarter (holiday season) of the calendar year. In upcoming years, we plan to expand our business rapidly by increasing the number of business managers, vendors and SKUs.

Business Model

There are three main types of business models on Amazon: wholesale, private label and retail arbitrage. Our business model is wholesale, also known as reselling, which refers to buying products in bulk directly from the brand or manufacturer at a wholesale price and making a profit by selling the product on Amazon. We sell merchandise on Amazon and the sales are fulfilled by Amazon. We pay Amazon fees for allowing us to sell on their platform. Our relationship with Walmart is also similar. We pay Walmart fees for allowing us to sell our merchandise on their platform. As stated above, to date, we have generated only a negligible amount of revenues as a third-party seller on www.walmart.com.

The advantages of selling via a wholesale model are as follows:

- Purchase lower unit quantities with wholesale orders than private label products.
- Selling wholesale is less time intensive and easier to scale than sourcing products via retail arbitrage.
- More brands will want to work with us because we can provide broader Amazon presence.

The challenges of selling via a wholesale model are as follows:

- Fierce competition on listing for Buy Box on amazon.com.
- Developing and maintaining relationships with brand manufacturers.

Formation and Management

We were originally incorporated under the laws of the State of Washington on January 13, 2015. However, we converted from a Washington corporation to a Delaware corporation on April 7, 2021. The company was founded in 2013 by Sam Lai and Maggie Yu. With their vision, leadership, and software development skills, the company grew rapidly. From 2013 to 2021, sales grew from $0 to $62.7 million.

Competitive advantage

Among 9.7 million sellers on Amazon, we believe we have two main competitive advantages. First, we have strong operations and sales teams experienced in listing, shipment, advertising, reconciliation and sales. By delivering high quality results and enhancing procedures through the process, our teams are competitive. Second, we believe our proprietary software system gives us an advantage over our competition. The system is highly customized to our business model; it collects and processes large amounts of data every day to optimize our operation and sales. Through advanced software, we can identify product gaps and keep them in stock all year round.

With respect to our advertising strategy, we advertise those products that we estimate will have greater demand based on our experience. This lets us allocate our advertising budget in a fashion that delivers positive value. We advertise our products on Amazon. We allocate our advertising dollars prudently. This is accomplished by advertising items that deliver the most return for our advertising spending. We monitor the items being advertised by our competitors. On the operations side, we constantly refine our processes based on learnings from historical data. The combination of managing the business operations effectively along with allocating our advertising budget to high value items allows us to grow profitably. In cases, where the advertising is fierce, we allocate the spending appropriately. Our strategy for competing with larger competitors is to monitor their pricing and not compete with them when their pricing is low or at a loss. Competitors sell at low prices or at a loss due to a variety of reasons, including, but not limited to, their desire to liquidate inventory or achieve short term increase in revenue. During these times, we avoid matching their prices. This strategy allows us to stay profitable.

Our Financial Position

For the three months ended June 30, 2022 and 2021, we generated revenues of $14,800,518 and $11,643,230, respectively, and reported net (loss) income of $(313,407) and $1,106,509, respectively, and cash (used in) provided by operating activities of $(5,322,554) and $936,243, respectively. For the six months ended June 30, 2022 and 2021, we generated revenues of $27,154,501and $20,966,143, respectively, and reported net (loss) income of $(958,295) and $1,972,403, respectively, and cash used in operating activities of $(13,247,025) and $(219,722), respectively.

Results of Operations

The following table shows a comparison of our unaudited income statements for the three and six months ended June 30, 2022 and 2021.

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Statement of Operations Data				
Total revenues	$ 14,800,518	$ 11,643,230	$ 27,154,501	$ 20,966,143
Total cost of goods sold	(6,443,910)	(4,845,441)	(12,341,179)	(8,939,993)
Gross profit	8,356,608	6,797,789	14,813,322	12,026,150
Total operating expenses	(8,756,267)	(5,729,296)	(15,958,333)	(10,093,299)
(Loss) income from operations	(399,659)	1,068,493	(1,145,011)	1,932,851
Total other non-operating (expense) income	(10,757)	38,016	(92,826)	39,552
Income tax provisions	97,009	-	279,542	-
Net (loss) income	(313,407)	1,106,509	(958,295)	1,972,403
Other comprehensive (loss) income	(9,497)	2,893	(11,913)	1,671
Total comprehensive (loss) income	$ (322,904)	$ 1,109,402	$ (970,208)	$ 1,974,074

Revenue

We generated $14,800,518 in revenues in the three months ended June 30, 2022, as compared to $11,643,230 in revenues in the same period in 2021. This represents an increase in revenues of $3,157,288, or 27.12%. We attribute this increase to our continued growth and maturity in our operating model, which was enhanced by a favorable e-commerce environment. Our total orders in the three months ended June 30, 2022, were approximately 543,826, as compared to 438,502 orders in the three months ended June 30, 2021, representing an increase of 24.02%.

Cost of Goods Sold

Cost of goods sold during the three months ended June 30, 2022, totaled $6,443,910, as compared to $4,845,441 for the three months ended June 30, 2021. Cost of goods sold includes the cost of the merchandise sold and shipping costs, as well as estimated losses due to damage to goods. The increase in cost of goods sold was due to a greater number of items sold as a result of the greater number of orders in the current period.

Operating Expense

Operating expenses for the three months ended June 30, 2022, totaled $8,756,267, a $3,026,971 increase from the $5,729,296 of operating expenses for the three months ended June 30, 2021. This change was caused by an increase in platform fees paid to Amazon, significant increase in number of employees and increased legal and professional fees. The Amazon fees are proportional to the revenues. The increase in revenues in the three months ended June 30, 2022 over the same period in 2021 drove the increase in platform fees.

Other (Expense) Income

Other (expense) income for the three months ended June 30, 2022, was $(10,757), compared to $38,016 for the three months ended June 30, 2021. The increase was mainly due to accrued interest from due to related parties.

Total Comprehensive (Loss) Income

Total comprehensive (loss) income for the three months ended June 30, 2022, was $(322,904), as compared with $1,109,402 for the three months ended June 30, 2021. The decrease in total comprehensive income was driven by an increase in our operating expenses in the three months ended June 30, 2022, compared to the three months ended June 30, 2021.

Impacts to Results of Operations from COVID-19

In March 2020, the World Health Organization recognized the novel strain of coronavirus (COVID-19) as a pandemic. This COVID-19 outbreak has severely restricted the level of economic activity around the world. In response to this COVID-19 outbreak, the governments of many countries, states, cities, and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. The Company's services, operating results and financial performance could be adversely affected by the overall impacts of the pandemic. Management has determined that there is no material uncertainty that casts substantial doubt on the Company's ability to continue as a going concern. It is expected that COVID-19 might have some impact, though it is not anticipated to be significant.

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

Revenue

We generated $27,154,501 in revenues in the six months ended June 30, 2022, as compared to $20,966,143 in revenues in the same period in 2021. This represents an increase in revenues of $6,188,358, or 29.52%. We attribute this increase to our continued growth and maturity in our operating model, which was enhanced by a favorable e-commerce environment. Our total orders in the six months ended June 30, 2022, were approximately 1,071,386, as compared to 825,899 orders in the six months ended June 30, 2021, representing an increase of 29.72%.

Cost of Goods Sold

Cost of goods sold during the six months ended June 30, 2022, totaled $12,341,179, as compared to $8,939,993 for the six months ended June 30, 2021. Cost of goods sold includes the cost of the merchandise sold and shipping costs, as well as estimated losses due to damage to goods. The increase in cost of goods sold was due to a greater number of items sold as a result of the greater number of orders in the current period.

Operating Expense

Operating expenses for the six months ended June 30, 2022, totaled $15,958,333, a $5,865,034 increase from the $10,093,299 of operating expenses for the six months ended June 30, 2021. This change was caused by an increase in platform fees paid to Amazon, significant increase in number of employees and increased legal and professional fees. The Amazon fees are proportional to the revenues. The increase in revenues in the six months ended June 30, 2022 over the same period in 2021 drove the increase in platform fees.

Other (Expense) Income

Other (expense) income for the six months ended June 30, 2022, was $(92,826), compared to $39,552 for the six months ended June 30, 2021. The increase was mainly due to accrued interest from due to related parties.

Total Comprehensive (Loss) Income

Total comprehensive (loss) income for the six months ended June 30, 2022, was $(970,208), as compared with $1,974,074 for the six months ended June 30, 2021. The decrease in total comprehensive income was driven by an increase in our operating expenses in the six months ended June 30, 2022, compared to the six months ended June 30, 2021.

Impacts to Results of Operations from COVID-19

In March 2020, the World Health Organization recognized the novel strain of coronavirus (COVID-19) as a pandemic. This COVID-19 outbreak has severely restricted the level of economic activity around the world. In response to this COVID-19 outbreak, the governments of many countries, states, cities, and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. The Company's services, operating results and financial performance could be adversely affected by the overall impacts of the pandemic. Management has determined that there is no material uncertainty that casts substantial doubt on the Company's ability to continue as a going concern. It is expected that COVID-19 might have some impact, though it is not anticipated to be significant.

Liquidity and Capital Resources

Liquidity is the ability of an enterprise to generate adequate amounts of cash to meet its needs for cash requirements. We had cash of $2,306,430 and $2,578,585 as of June 30, 2022 and 2021, respectively.

Our primary uses of cash have been for inventory, payments to Amazon related to sales and shipping of products, for services provided, payments for marketing and advertising, and salaries paid to our employees. We have received funds from the sales of products that we sell online. The following trends are reasonably likely to result in changes in our liquidity over the near to long term:

- An increase in working capital requirements to finance the rapid growth in our current business;
- An increase in fees paid to Amazon and other partners as our sales grows;
- The cost of being a public company;
- Marketing and advertising expenses for attracting new customers; and
- Capital requirements for the development of additional infrastructure.

Since inception, we have generated liquidity from the profitability of our ongoing business, from debt and from the Company's initial public offering to fund our operations.

The following table shows a summary of our cash flows for the six months ended June 30, 2022 and 2021.

	Six Months Ended June 30,	
	2022	**2021**
Statement of Cash Flows		
Net cash used in operating activities	$ (13,247,025)	$ (219,722)
Net cash used in investing activities	$ (164,174)	$ -
Net cash provided by (used in) financing activities	$ 5,132,172	$ (2,174,453)
Effect of changes in foreign currency rates	$ (7,115)	$ 4,696
Net decrease in cash	$ (8,286,142)	$ (2,389,479)
Cash - beginning of the period	$ 10,592,572	$ 4,968,064
Cash - end of the period	$ 2,306,430	$ 2,578,585

Net Cash Used in Operating Activities

For the six months ended June 30, 2022, cash used in operating activities amounted to $(13,247,025), as compared to $(219,722) for the six months ended June 30, 2021. This was driven by our net (loss) income of $(958,295) for the six months ended June 30, 2022, as compared to $1,972,403 for the same period in 2021.

Despite the increase in revenue to $27,154,501 for the six months ended June 30, 2022, as compared to $20,966,143 for the six months ended June 30, 2021, the revenue increase was offset by a corresponding increase in cost of goods sold of $3,401,186 and an increase in operating expenses of $5,758,365.

We also invested heavily on inventory procurement, and therefore, inventory increased from $7,041,864 as of December 31, 2021 to $14,601,346 as of June 30, 2022.

Net Cash Used in Investing Activities

For the six months ended June 30, 2022, $164,174 in cash was used in investing activities, compared to $0 in cash used in investing activities for the six months ended June 30, 2021.

Net Cash Provided by (Used in) Financing Activities

For the six months ended June 30, 2022, cash provided by financing activities amounted to $5,132,172, as compared to cash used in financing activities of $(2,174,453) for the six months ended June 30, 2021. The cash provided by financing activities in the six months ended June 30, 2022 was mainly due to the proceeds of the Company's initial public offering of $6,156,360.

Off-balance sheet financing arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.

COVID-19

In March 2020, the World Health Organization recognized the novel strain of coronavirus (COVID-19) as a pandemic. This COVID-19 outbreak has severely restricted the level of economic activity around the world. In response to this COVID-19 outbreak, the governments of many countries, states, cities, and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. The Company's services, operating results and financial performance could be adversely affected by the overall impacts of the pandemic. Management has determined that there is no material uncertainty that casts substantial doubt on the Company's ability to continue as a going concern. It is expected that COVID-19 might have some impact, though it is not anticipated to be significant.

Contractual Obligations

Except as set forth below, we do not have any long-term capital lease obligations, operating lease obligations or long-term liabilities.

Bank of America Loan

On June 19, 2019, the Company issued a Promissory Note (the "BofA Note") in the amount of $785,000 to Bank of America (the "Lender") for a loan in the amount of $785,000. The BofA Note matures on June 18, 2024 and bears interest at a rate of 8.11% per annum. The monthly payment is $15,963, consisting of $11,398 of principal and $4,565 of interest. As of June 30, 2022, the aggregate principal amount of the BofA Note outstanding was $0. As of June 30, 2022, there is an outstanding balance of deferred interest of $27,996.

PPP Loan

On April 7, 2020, the Company issued a Promissory Note (the "Note") in the amount of $27,012 under the Paycheck Protection Program ("PPP") to JP Morgan Chase Bank, N.A. (the "Lender"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was enacted March 27, 2020, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The Note matures on April 7, 2022, and bears interest at a rate of 0.98% per annum, payable monthly commencing October 5, 2020, following an initial deferral period as specified under the PPP loan. The Note may be prepaid at any time prior to maturity with no prepayment penalties. The Paycheck Protection Program Flexibility Act (the "Flexibility Act"), signed on June 5, 2020, amended certain provisions of the PPP, including the deferral period and repayment terms. The Flexibility Act extends the deferral period of payments of PPP loan principal, interest, and fees to the date when the U.S. Small Business Administration makes a final decision on the borrower's application for forgiveness, or 10 months after the last day of the covered period if a borrower has not applied for forgiveness (whichever is earlier). This extension applies regardless of the terms of the PPP and does not require an amendment of the PPP. As such, the Company did not make any payments on the Note during 2020.

Under the terms of the PPP loan, up to the entire amount of principal and accrued interest may be forgiven to the extent PPP loan proceeds are used for qualifying expenses as described in the CARES Act and applicable implementing guidance issued by the U.S. Small Business Administration under the PPP loan. On May 6, 2021, the entire amount of principal and accrued interest on the Note was forgiven.

Conversion of S Corporation to C Corporation

On June 30, 2021, the Company completed a corporate reorganization to convert its status from a S corporation to a C corporation with an effective date of July 27, 2021. Retained earnings in the amount of $4,170,418 were distributed by the Company to the S corporation stockholders ($2,085,209 to each of Mr. Lai and Ms. Yu) on July 27, 2021.

Affiliated Loans

From time to time, the Company receives loans and advances from its stockholders to fund its operations. As of June 30, 2022 and December 31, 2021, the Company had $4,294,731 and $5,214,794 due to related parties, respectively. While stockholder payables are non-interest bearing and payable on demand, the Company and stockholders entered into loan agreements for loans with tenor over one year.

On December 30, 2020 and later modified on September 16, 2021, the Company and the shareholders entered into a loan agreement of $1,041,353 and converted it into a retroactive interest-bearing (2%) loan with a repayment date of December 31, 2021. On January 18, 2022, the Company repaid the loan in full.

On July 27, 2021, the Company and the shareholders entered into a loan agreement of $4,170,418, and the loan is subordinated. The annual interest rate is 2% and the repayment date is December 31, 2022. The Company has accrued interest of $124,313 as of June 30, 2022.

Leases

In 2022, Flywheel entered into two new lease agreements for office space in Taiwan. The lease terms are January 1, 2022 to December 31, 2023, and June 1, 2022 to May 31, 2024, respectively, and the total contract amounts are $530,760 and $114,016, respectively.

Initial lease term	Flywheel January 2022 to December 2023	Flywheel June 2022 to May 2024
Initial recognition of right-of-use assets	$ 488,262	$ 105,632
Weighted-average remaining lease term at June 30, 2022	1.5	1.9
Weighted-average discount rate at June 30, 2022	8.11%	8.11%

As of June 30, 2022, the Company has recognized the right-of-use assets and lease liabilities. The right-of-use assets and lease liabilities balance as of June 30, 2022 were $485,066 and $488,627, respectively.

For the Period Ending June 30,	Amount
2022	$ 174,589
2023	332,418
2024	23,753
2026 and thereafter	-
Total minimum lease payments	530,760
Less: effect of discounting	(42,133)
Present value of the future minimum lease payment lease payment	488,627
Less: current operating lease liabilities	(303,923)
Total long-term operating lease liabilities	$ 184,704

Sales Taxes

We make an assessment of sales tax payable including any related interest and penalties and accrue these estimates on the financial statements. Pursuant to the Wayfair decision, each state enforced sales tax collection at different dates. We collect and remit sales tax in accordance with the state regulations. We estimate that as of June 30, 2022, we owed $693,531 in sales taxes, along with penalties and interest. However, we are currently engaged in the process of negotiating and remediating the amount of sales tax with the states in which we owe sales tax and anticipate becoming compliant in tax payments in such states by December 31, 2022.

Critical Accounting Policies and Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments purchased with original maturities of three months or less to be cash and cash equivalents. The carrying amount of cash and cash equivalents approximates fair value.

Inventory and Cost of Goods Sold

Inventories are stated at the lower of cost or net realizable value. Cost is principally determined on a first-in first-out basis. The Company's costs include the amounts it pays manufacturers for product, tariffs and duties associated with transporting product across national borders, and freight costs associated with transporting the product from its manufacturers to its warehouses.

Cost of goods sold is comprised of the book value of inventory sold to customers during the reporting period.

Property and Equipment

Property, plant, and equipment are recorded at cost and depreciated or amortized over the estimated useful life of the asset using the straight-line method.

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The carrying amounts reported in the unaudited condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments.

Revenue Recognition

The Company accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC Topic 606"). The Company adopted ASC Topic 606 as of January 1, 2019. The standard did not affect the Company's consolidated financial position, or cash flows. There were no changes to the timing of revenue recognition as a result of the adoption.

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provided a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as performance obligations are satisfied.

The Company derives its revenue from the sale of consumer products. The Company sells its products directly to consumers through online retail channels. The Company considers customer order confirmations to be a contract with the customer. Customer confirmations are executed at the time an order is placed through third-party online channels. For all of the Company's sales and distribution channels, revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment date. As a result, the Company has a present and unconditional right to payment and record the amount due from the customer in accounts receivable.

The Company evaluated principal versus agent considerations to determine whether it is appropriate to record platform fees paid to Amazon as an expense or as a reduction of revenue. Platform fees are recorded as sales and distribution expenses and are not recorded as a reduction of revenue because the Company owns and controls all the goods before they are transferred to the customer. The Company can, at any time, direct Amazon, similarly, other third-party logistics providers ("Logistics Providers"), to return the Company's inventories to any location specified by the Company. It is the Company's responsibility to make any returns made by customers directly to Logistic Providers and the Company retains the back-end inventory risk. Further, the Company is subject to credit risk (i.e., credit card chargebacks), establishes prices of its products, can determine who fulfills the goods to the customer (Amazon or the Company) and can limit quantities or stop selling the goods at any time. The customer can return the products within 30 days after the products are delivered and estimated sales returns are calculated based on the expected returns. Based on these considerations, the Company is the principal in this arrangement.

Performance Obligations. A performance obligation is a promise in a contract to transfer a distinct good to the customer and is the unit of account in ASC Topic 606. A contract's transaction price is recognized as revenue when the performance obligation is satisfied. Each of the Company's contracts have a single distinct performance obligation, which is the promise to transfer individual goods. For consumer product sales, the Company has elected to treat shipping and handling as fulfillment activities, and not a separate performance obligation. The Company bills customers for charges for shipping and handling on certain sales and such charges are recorded as part of net revenue.

For each contract, the Company considers the promise to transfer products to be the only identified performance obligation. In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment to determine the net consideration to which the Company expects to be entitled.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at historical cost less allowance for doubtful accounts. On a periodic basis, management evaluates its accounts receivable and determines whether to provide an allowance or if any accounts should be written off based on a past history of write-offs, collections and current credit conditions. A receivable is considered past due if the Company has not received payments based on agreed-upon terms. The Company performs on-going evaluations of its customers and maintains an allowance for bad and doubtful receivables.

Leases

The Company has elected the adoption under ASC Topic 842, Leases, which allows the Company to apply the transition provision at the Company's adoption date instead of at the earliest comparative period presented in the financial statements. The Company elected the optional practical expedient permitted under the transition guidance which allows the Company to carry forward the historical accounting treatment for existing leases upon adoption.

Sales Taxes

Company makes an assessment of sales tax payable including any related interest and penalties. The Company's accounting policy is to exclude the tax collected and remitted from revenues and cost of revenues. Pursuant to the Wayfair decision, each state enforced sales tax collection at different dates. The company makes sales collects and remits sales tax in accordance with the state regulations. In the past, where the Company has not collected these taxes, the company has made estimates of amounts owed and accrued these on the financial statements.

Income Taxes

Prior to 2021, the Company, with the stockholders' consent, has elected to be taxed as an "S corporation" under the provisions of the Internal Revenue Code and comparable state income tax law. As an S corporation, the Company is generally not subject to corporate income taxes, and the Company's net income or loss is reported on the individual tax return of the stockholder of the Company. Therefore, no provision or liability for income taxes is reflected in the financial statements.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Related Parties

The Company accounts for related party transactions in accordance with ASC Topic 850 (Related Party Disclosures). A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

Earnings per Share

The Company computes basic earnings per common share using the weighted-average number of shares of common stock outstanding during the period. For period in which the Company reports net losses, diluted net loss per share attributable to stockholders is the same as basic net loss per share attributable to stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Foreign Currency and Currency Translation

In case of a functional currency other than the U.S. dollar, the functional currency amounts are translated into U.S. dollars at exchange rates in effect at year-end, with resulting translation gains or losses included within other comprehensive income or loss.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

The Company’s Chief Executive Officer and Interim Chief Financial Officer have evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2022. Based upon such evaluation, the Chief Executive Officer and Interim Chief Financial Officer have concluded that, as of June 30, 2022, the Company’s disclosure controls and procedures were not effective as required under Rules 13a-15(e) and 15d-15(e) under the Exchange Act. On February 10, 2022, the Company engaged an experienced consulting firm to provide risk advisory and internal controls consulting services. The consulting firm has provided its initial findings and recommendations, the Company expects to adopt certain changes to the Company’s internal control.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 of the Exchange Act that occurred during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. On February 10, 2022, the Company engaged an experienced consulting firm to provide risk advisory and internal controls consulting services. Its professional assessment and evaluation are ongoing. The consulting firm has provided its initial findings and recommendations, the Company expects to adopt certain changes to the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in various claims and legal actions arising in the ordinary course of business. To the knowledge of our management, there are no legal proceedings currently pending against us which we believe would have a material effect on our business, financial position or results of operations and, to the best of our knowledge, there are no such legal proceedings contemplated or threatened.

ITEM 1A. RISK FACTORS

As a smaller reporting company, the Company is not required to disclose material changes to the risk factors that were contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, as updated from time to time.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There have been no defaults in any material payments during the covered period.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) None.

(b) There have been no material changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors since the Company last provided disclosure in response to the requirements of Item 407(c)(3) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description of Document
31.1*	Rule 13a-14(a) Certification of Principal Executive Officer.
31.2*	Rule 13a-14(a) Certification of Principal Financial Officer.
32.1**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Principal Executive Officer and Principal Financial Officer.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.
** Furnished herewith.

SIGNATURES

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

HOUR LOOP, INC.

Dated: August 12, 2022

By: */s/ Sam Lai*

Sam Lai

Chief Executive Officer and Interim Chief Financial Officer (principal executive officer, principal financial officer and principal accounting officer)

Exhibit 31.1

CERTIFICATIONS

I, Sam Lai, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2022 of Hour Loop, Inc.; and

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; and

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; and

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

   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 the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: August 12, 2022

By: */s/ Sam Lai*

Sam Lai
Chief Executive Officer and Interim Chief Financial Officer (principal executive officer)

Exhibit 31.2

CERTIFICATIONS

I, Sam Lai, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2022 of Hour Loop, Inc.; and

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; and

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; and

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

    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 the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: August 12, 2022

By: */s/ Sam Lai*
Sam Lai
Chief Executive Officer and Interim Chief Financial Officer (principal financial officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Hour Loop, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sam Lai, Chief Executive Officer and Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: August 12, 2022

/s/ Sam Lai
Sam Lai
Chief Executive Officer and Interim Chief Financial Officer (principal executive officer and principal financial officer)

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.