



iPower Reports Fiscal Second Quarter 2022 Results

February 14, 2022

Fiscal Q2 Revenue up 52% to \$17.1 Million Driven by Accelerated Growth of In-House Branded Products

iPower Management to Host Conference Call Today at 4:30 p.m. Eastern Time

DUARTE, Calif., Feb. 14, 2022 (GLOBE NEWSWIRE) -- iPower Inc. (Nasdaq: IPW) ("iPower" or the "Company"), one of the leading online hydroponic equipment suppliers and retailers, today announced financial results for its fiscal second quarter ended December 31, 2021.

Fiscal Q2 2022 Results vs. Year-Ago Quarter

- Total revenue increased 52% to \$17.1 million
- Gross profit increased 53% to \$7.6 million. As a percentage of revenue, gross margin was 44.1% compared to 44.0%
- Net income increased 39% to \$0.8 million or \$0.03 per share

Management Commentary

"Our fiscal second quarter marked our strongest period of year-over-year revenue growth since completing our IPO last year," said Lawrence Tan, CEO of iPower. "We are beginning to realize the benefits of continuously rolling out new high-demand, in-house branded products. During the quarter, our in-house product sales increased approximately 72% from the year ago quarter and accounted for approximately 87% of revenue—a company record. These increases demonstrate how well our products are resonating with consumers. In addition, our ability to deliver these products on a timely basis despite global supply chain headwinds provides an important asset to our channel partners.

"Over the past few months, we have also executed on multiple key growth initiatives, including the launch of our first in-house nutrient line, Flourish™, as well as our initial expansion into Europe through the UK and Germany. Although both initiatives are in their infancy, we believe they present compelling new avenues to drive growth and increase market share."

iPower CFO Kevin Vassily added, "We are continuing to navigate the volatile supply chain environment, which has not materially improved since our last quarterly report despite signs of recovery last fall. We plan to continue mitigating the cost volatility through our diversified network of partners and continue to expect fiscal 2022 to be another strong year of growth and execution for iPower."

Fiscal Second Quarter 2022 Financial Results

Total revenue in the fiscal second quarter of 2022 increased 52% to \$17.1 million compared to \$11.3 million for the same period in fiscal 2021. The increase was driven by greater in-house product sales and strong demand for ventilation products.

Gross profit in the fiscal second quarter of 2022 increased 53% to \$7.6 million compared to \$4.9 million for the same quarter in fiscal 2021. As a percentage of revenue, gross margin was 44.1% compared to 44.0% in the year-ago quarter. This small increase in gross margin was driven by a greater mix of in-house product sales partially offset by higher freight and input costs.

Total operating expenses in the fiscal second quarter were \$6.4 million compared to \$4.1 million for the same period in fiscal 2021. As a percentage of revenue, operating expenses were 37.5% compared to 36.4% in the year-ago quarter. The increase was driven by higher sales volumes, increased advertising to support the launch of new products, as well as increased headcount for new channel sales.

Net income in the fiscal second quarter of 2022 increased 39% to \$0.8 million or \$0.03 per diluted share, compared to net income of \$0.6 million or \$0.03 per diluted share for the same period in fiscal 2021.

Cash and cash equivalents were \$1.0 million at December 31, 2021, compared to \$6.7 million at June 30, 2021. The decrease was attributed to the timing of accounts receivables with the Company's largest channel partner and is not an indication of any other business or operating trend. Total long-term debt as of December 31, 2021 was \$7.4 million compared to \$0.5 million as of June 30, 2021. The increase was attributable to increased working capital expenses.

Conference Call

The Company will conduct a conference call at 4:30 p.m. Eastern time on Monday, February 14, 2022, to discuss the results for its fiscal second quarter ended December 31, 2021.

iPower management will host the conference call, followed by a question-and-answer period.

Date: Monday, February 14, 2022

Time: 4:30 p.m. Eastern time

Toll-free dial-in number: (888) 705-0179

International dial-in number: (409) 981-0008

Conference ID: 1595078

Webcast: <https://edge.media-server.com/mmc/p/m9ipwcbw>

Please call the conference call dial-in 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any

difficulty connecting with the conference call, please contact Elevate IR at (720) 330-2829.

The conference call will also be broadcast live and available for replay in the Events & Presentations section of the Company's website at www.meetipower.com.

About iPower Inc.

iPower Inc. is one of the leading online retailers and suppliers of hydroponics equipment and accessories. iPower offers thousands of stock keeping units from both its in-house brands as well as hundreds of other brands sold through its website, www.zenhydro.com, and its online platform partners. iPower has a diverse customer base that includes both commercial businesses and individuals. For more information, please visit iPower's website at <https://ir.meetipower.com/>.

Forward-Looking Statements

All statements other than statements of historical fact in this announcement are forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties and are based on current expectations and projections about future events and financial trends that iPower believes may affect its financial condition, results of operations, business strategy and financial needs. Investors can identify these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. iPower undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or changes in its expectations, except as may be required by law. Although iPower believes that the expectations expressed in these forward-looking statements are reasonable, it cannot assure you that such expectations will turn out to be correct, and iPower cautions investors that actual results may differ materially from the anticipated results and encourages investors to review other factors that may affect its future results in iPower's registration statement and in its other filings with the SEC.

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iPower Inc. and Subsidiaries
Unaudited Condensed Consolidated Balance Sheets
As of December 31, 2021 and June 30, 2021

	December 31 2021 (Unaudited)	June 30, 2021
ASSETS		
Current assets		
Cash and cash equivalent	\$ 1,091,758	\$ 6,651,705
Accounts receivable, net	15,553,516	7,896,347
Inventories, net	19,908,500	13,065,741
Prepayments and other current assets	6,804,371	4,693,000
Total current assets	<u>43,358,145</u>	<u>32,306,793</u>
Non-current assets		
Right of use assets – non-current	1,473,397	1,819,421
Property and equipment, net	103,189	55,659
Non-current prepayments	1,141,458	1,357,292
Other non-current assets	329,244	99,645
Total non-current assets	<u>3,047,288</u>	<u>3,332,017</u>
Total assets	<u>\$ 46,405,433</u>	<u>\$ 35,638,810</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	4,545,928	3,940,963
Credit cards payable	550,310	584,311
Customer deposit	228,161	297,407
Other payables and accrued liabilities	4,899,502	2,487,441
Short-term loans payable	–	162,769
Lease liability - current	766,759	731,944
Long-term loan payable - current portion	29,244	29,244
Income taxes payable	374,513	790,823
Total current liabilities	<u>11,394,417</u>	<u>9,024,902</u>

Non-current liabilities		
Long-term loan payable	441,512	458,571
Long-term revolving loan payable, net	6,963,551	–
Lease liability – non-current	777,290	1,169,552
Total non-current liabilities	<u>8,182,353</u>	<u>1,628,123</u>
Total liabilities	<u>19,576,770</u>	<u>10,653,025</u>
Commitments and contingency	–	–
Stockholders' Equity		
Preferred stock, \$0.001 par value; 20,000,000 shares authorized; 0 shares issued and outstanding at December 31, and June 30, 2021	–	–
Common stock, \$0.001 par value; 180,000,000 shares authorized; 26,488,682 and 26,448,663 shares issued and outstanding at December 31, and June 30, 2021	26,489	26,449
Additional paid in capital	23,371,712	23,214,263
Retained earnings	<u>3,430,462</u>	<u>1,745,073</u>
Total equity	<u>26,828,663</u>	<u>24,985,785</u>
Total liabilities and equity	<u>\$ 46,405,433</u>	<u>\$ 35,638,810</u>

iPower Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations
For the Three and Six Months Ended December 31, 2021 and 2020

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
REVENUES	\$ 17,125,663	\$ 11,254,317	\$ 34,492,428	\$ 26,214,252
TOTAL REVENUES	<u>17,125,663</u>	<u>11,254,317</u>	<u>34,492,428</u>	<u>26,214,252</u>
COST OF REVENUES	<u>9,568,051</u>	<u>6,306,726</u>	<u>19,621,114</u>	<u>15,703,873</u>
GROSS PROFIT	<u>7,557,612</u>	<u>4,947,591</u>	<u>14,871,314</u>	<u>10,510,379</u>
OPERATING EXPENSES:				
Selling and fulfillment	3,641,839	2,784,749	7,307,760	5,998,423
General and administrative	<u>2,780,488</u>	<u>1,309,736</u>	<u>5,137,954</u>	<u>2,582,477</u>
Total operating expenses	<u>6,422,327</u>	<u>4,094,485</u>	<u>12,445,714</u>	<u>8,580,900</u>
INCOME FROM OPERATIONS	<u>1,135,285</u>	<u>853,106</u>	<u>2,425,600</u>	<u>1,929,479</u>
OTHER INCOME (EXPENSE)				
Interest income (expenses)	(75,112)	(23,708)	(75,112)	(49,538)
Other financing expenses	–	(37,447)	(9,000)	(37,447)
Other non-operating income (expense)	<u>60,403</u>	<u>10,455</u>	<u>9,591</u>	<u>17,852</u>
Total other (expenses), net	<u>(14,709)</u>	<u>(50,700)</u>	<u>(74,521)</u>	<u>(69,133)</u>
INCOME BEFORE INCOME TAXES	1,120,576	802,406	2,351,079	1,860,346
PROVISION FOR INCOME TAXES	<u>322,715</u>	<u>226,930</u>	<u>665,690</u>	<u>522,874</u>
NET INCOME	<u>\$ 797,861</u>	<u>\$ 575,476</u>	<u>\$ 1,685,389</u>	<u>\$ 1,337,472</u>
WEIGHTED AVERAGE NUMBER OF COMMON STOCK				
Basic	<u>26,491,103</u>	<u>20,204,496</u>	<u>26,487,816</u>	<u>20,204,496</u>

Diluted	<u>26,491,103</u>	<u>20,204,496</u>	<u>26,487,816</u>	<u>20,204,496</u>
EARNINGS PER SHARE				
Basic	<u>\$ 0.030</u>	<u>\$ 0.028</u>	<u>\$ 0.064</u>	<u>\$ 0.066</u>
Diluted	<u>\$ 0.030</u>	<u>\$ 0.028</u>	<u>\$ 0.064</u>	<u>\$ 0.066</u>