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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 September 30, 2026

or

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

For the transition period from _____ to _____

Commission File Number 001-40391

iPower Inc.

(Exact name of registrant as specified in its charter)

Nevada	**82-5144171**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8798 9th Street
Rancho Cucamonga, CA 91730
(Address of principal executive offices) (Zip Code)

(626) 863-7344
(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	IPW	The Nasdaq Stock Market LLC

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 ☒

The number of shares outstanding of the registrant's common stock on November 16, 2026 was 802,325.

iPower Inc.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL INFORMATION

iPower Inc. and Subsidiaries
Unaudited Condensed Consolidated Balance Sheets
As of September 30, 2026 and June 30, 2026

	September 30, 2026 (Unaudited)	June 30, 2026
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,590,670	$ 478,042
Accounts receivable, net	2,875,866	4,371,700
Restricted cash - BitGo	4,817,911	3,252,140
Prepayments and other current assets, net	3,983,479	2,546,755
Total current assets	13,267,926	10,648,637
Non-current assets		
Right of use - non-current	2,312,191	2,641,366
Property and equipment, net	116,971	136,502
Deferred tax assets, net	6,528,234	6,148,956
Software under development	3,269,336	2,638,208
Investment in joint venture	12,451	12,773
Note Receivable	1,706,832	1,690,137
Intangible assets, net	2,169,614	2,331,957
Digital assets	1,262,913	2,356,644
Other non-current assets	381,935	381,934
Total non-current assets	17,760,477	18,338,477
Total assets	$ 31,028,403	$ 28,987,114
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable, net	2,300,717	3,539,303
Accounts payable - related parties	163,462	655,914
Other payables and accrued liabilities	1,439,115	1,586,017
Lease liability - current	1,516,388	1,483,163
Total current liabilities	5,419,682	7,264,397
Non-current liabilities		
Convertible notes payable	3,681,833	2,742,837
Derivative liability - Conversion option	1,222,300	606,700
Lease liability - non-current	1,039,718	1,430,806
Total non-current liabilities	5,943,851	4,780,343
Total liabilities	11,363,533	12,044,740
Commitments and contingencies	–	–
Stockholders' Equity		
Preferred stock, $0.001 par value; 20,000,000 shares authorized; 0 shares issued and outstanding at September 30, 2026 and June 30, 2026	–	–
** Common stock, $0.001 par value; 980,000,000 shares authorized; 105,153 and 13,933 shares issued and outstanding at September 30, 2026 and June 30, 2026	105	14
Additional paid in capital	49,314,728	43,814,707
Treasury stock, at cost; 113 shares held at September 30, 2026 and June 30, 2026	(41,755)	(41,755)
Accumulated deficits	(29,597,747)	(26,821,131)
Non-controlling interest	(48,782)	(47,782)
Accumulated other comprehensive income	38,321	38,321
Total stockholders' equity	19,664,870	16,942,374
Total liabilities and stockholders' equity	$ 31,028,403	$ 28,987,114

** Unless otherwise indicated, all shares of common stock and per share numbers in the consolidated financial statements and notes below have been adjusted retroactively to reflect the reverse stock splits effected on October 27, 2025, May 22, 2026, August 7, 2026 and October 26, 2026, for all periods presented (see Note 16 for details).

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

iPower Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss
For the Three Months Ended September 30, 2026 and 2025

	For the Three Months Ended September 30, 2026	2025
REVENUES		
Product sales	$ 2,794,950	$ 7,081,449
Service income	–	1,532,806
Total revenues	2,794,950	8,614,255
COST OF REVENUES		
Product costs	2,491,215	4,145,211
Service costs	–	1,332,681
Total cost of revenues	2,491,215	5,477,892
GROSS PROFIT	303,735	3,136,363
OPERATING EXPENSES:		
Selling and fulfillment	700,558	3,960,641
General and administrative	2,808,757	1,321,513
Total operating expenses	3,509,315	5,282,154
LOSS FROM OPERATIONS	(3,205,580)	(2,145,791)
OTHER INCOME (EXPENSE)		
Interest expenses	(270,505)	(61,719)
Interest income	16,695	–
Loss on equity method investment	(323)	–
Loss on deconsolidation of VIE	–	(39,624)
Gain on digital assets	472,040	–
Change in fair value of derivative liability	121,600	–
Gain (Loss) on extinguishment of convertible notes	(697,796)	–
Other non-operating income (expenses)	430,811	799,290
Total other income, net	72,522	697,947
LOSS BEFORE INCOME TAXES	(3,133,058)	(1,447,844)
PROVISION FOR INCOME TAX BENEFIT	(355,442)	(673,061)
NET LOSS FROM CONTINUING OPERATIONS	(2,777,616)	(774,783)
DISCONTINUED OPERATIONS, NET OF TAX	–	241,135
NET LOSS	(2,777,616)	(533,648)
Non-controlling interest	(1,000)	–
NET LOSS ATTRIBUTABLE TO IPOWER INC.	$ (2,776,616)	$ (533,648)
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation adjustments	–	24,943
COMPREHENSIVE LOSS ATTRIBUTABLE TO IPOWER INC.	$ (2,776,616)	$ (508,705)
WEIGHTED AVERAGE NUMBER OF COMMON STOCK		
** Basic	62,372	1,215
** Diluted	62,372	1,215
LOSSES PER SHARE		
Basic - continuing operations	$ (44.52)	$ (637.68)
Basic - discontinued operations	–	198.47
Total basic losses per share	$ (44.52)	$ (439.21)
Diluted - continuing operations	$ (44.52)	$ (637.68)
Diluted - discontinued operations	–	198.47
Total diluted losses per share	$ (44.52)	$ (439.21)

** Unless otherwise indicated, all shares of common stock and per share numbers in the consolidated financial statements and notes below have been adjusted retroactively to reflect the reverse stock splits effected on October 27, 2025, May 22, 2026, August 7, 2026 and October 26, 2026, for all periods presented (see Note 16 for details).

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

iPower Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity
For the Three Months Ended September 30, 2026 and 2025.

	** Common Stock		Treasury Stock	Additional Paid in	Retained Earnings (Accumulated	Non-controlling	Accumulated other Comprehensive	
	Shares	Amount	Amount	Capital	Deficit)	interest	income (loss)	Total
Balance, June 30, 2026	13,933	$ 14	$ (41,755)	$ 43,814,707	$ (26,821,131)	$ (47,782)	$ 38,321	$ 16,942,374
Net loss	–	–	–	–	(2,776,616)	(1,000)	–	(2,777,616)
Stock-based compensation - RSUs and options vested	–	–	–	109,512	–	–	–	109,512
Shares issued for consulting services	32,260	32	–	1,934,968	–	–	–	1,935,000
Restricted shares issued for vested RSUs	22	–	–	–	–	–	–	–
Common stock issued for conversions of note payable	58,935	59	–	3,455,541	–	–	–	3,455,600
Reverse-Split round up shares	3	–	–	–	–	–	–	–
Balance, September 30, 2026, unaudited	105,153	$ 105	$ (41,755)	$ 49,314,728	$ (29,597,747)	$ (48,782)	$ 38,321	$ 19,664,870
Balance, June 30, 2025	1,210	$ 1	$ –	$ 33,482,246	$ (15,198,889)	$ (47,462)	$ 40,107	$ 18,276,002
Net loss	–	–	–	–	(533,648)	–	–	(533,648)
Stock-based compensation - RSUs and options vested	–	–	–	150,203	–	–	–	150,203
Restricted shares issued for vested RSUs	62	–	–	–	–	–	–	–
Foreign currency translation adjustments	–	–	–	–	–	–	24,943	24,943
Balance, September 30, 2025, unaudited	1,272	$ 1	$ –	$ 33,632,449	$ (15,732,537)	$ (47,462)	$ 65,050	$ 17,917,500

** Unless otherwise indicated, all shares of common stock and per share numbers in the consolidated financial statements and notes below have been adjusted retroactively to reflect the reverse stock splits effected on October 27, 2025, May 22, 2026, August 7, 2026 and October 26, 2026, for all periods presented (see Note 16 for details).

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

iPower Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows
For the Three Months Ended September 30, 2026 and 2025

	For the Three Months Ended September 30, 2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,777,616)	$ (533,648)
Adjustments to reconcile net (loss) income to cash provided by (used in) operating activities:		
Depreciation and amortization expense	181,874	198,203
Inventory reserve	–	58,453
Credit loss reserve	–	49,713
Loss on equity method investment	323	–
Stock-based compensation expense	1,664,670	150,203
Loss on deconsolidation of VIE	–	39,624
Amortization of operating lease right of use assets	329,175	312,374
Change in FV of Derivative Liability	(121,600)	–
Gain/loss on digital assets	(472,040)	–
Loss on extinguishment of debt	697,796	–
Amortization of discount on note receivable	(16,695)	–
Amortization of debt premium / discount and non-cash financing costs	164,238	–
Change in operating assets and liabilities		
Accounts receivable	1,495,834	968,103
Inventories	–	3,740,145
Deferred tax assets	(379,278)	(192,244)
Prepayments and other current assets, net	(980,122)	1,619,401
other non-current assets	–	65,772
Accounts payable	(1,238,586)	(3,476,465)
Accounts payable -related parties	(492,452)	–
Other payables and accrued liabilities	(146,902)	(703,876)
Operating lease liabilities	(357,863)	(329,140)
Income taxes payable	–	(280,155)
Net cash provided by (used in) operating activities	(2,449,244)	1,686,463
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deconsolidation of VIE	–	(160,113)
Investment in joint venture	–	(293,526)
Proceeds from sale of digital assets	1,565,771	–
Payments for software development	(631,128)	(583,633)
Net cash provided by (used in) investing activities	934,643	(1,037,272)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term loans -related party	–	500,000
Net proceeds from convertible note	4,193,000	–
Proceeds from revolving loan	–	921,974
Payments on revolving loan	–	(3,200,000)
Net cash provided by (used in) financing activities	4,193,000	(1,778,026)
EFFECT OF EXCHANGE RATE ON CASH	–	24,920
CHANGES IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2,678,399	(1,103,915)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of period	3,730,182	2,007,890
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of period	$ 6,408,581	$ 903,975
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for income tax	$ 14,383	$ –
Cash paid for interest	$ 26,690	$ 72,304
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Derivative liability - conversion option	$ 1,222,300	$ –
Common stock issued for conversions of note payable	3,455,600	–
Shares issued for services	1,935,000	–

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

Note 1 - Nature of business and organization

iPower Inc., formerly known as BZRTH Inc., a Nevada corporation ("iPower" or the "Company"), was incorporated on April 11, 2018. The Company is a technology- and data-driven infrastructure company engaged in supporting supply chain services, commerce operations, logistics, and fulfillment activities. The Company leverages its internal software, data analytics, operational experience, and network of procurement, logistics, warehousing, fulfillment, and commerce partners to provide supply chain services and related business solutions. The Company is also engaged in the marketing and sale of consumer home, garden and other products and accessories mainly in North America.

On May 18, 2021, the Company acquired 100% of the equity ownership of its variable interest entity, E Marketing Solution Inc. ("E Marketing"), an entity incorporated in California and owned by one of the minority shareholders of the Company. As a result, E Marketing became the Company's wholly owned subsidiary.

On May 18, 2021, the Company acquired 100% of the equity ownership of its variable interest entity, Global Product Marketing Inc. ("GPM"), an entity which was incorporated in the State of Nevada on September 4, 2020, and was owned by Chenlong Tan, the Company's Chairman, CEO, President and Interim CFO, and one of the shareholders of the Company. As a result, GPM became the Company's wholly owned subsidiary.

On January 13, 2022, the Company entered into a joint venture agreement and formed a Nevada limited liability company, Box Harmony, LLC ("Box Harmony"), for the principal purpose of providing logistics services primarily for foreign-based manufacturers or distributors who desire to sell their products online in the United States, with such logistics services to include, without limitation, receiving, storing and transporting such products. The Company owns 40% of the equity interest in Box Harmony, retaining significant influence, but does not own a majority equity interest in or otherwise control Box Harmony. See details at Note 3 below.

On February 10, 2022, the Company entered into another joint venture agreement and formed a Nevada limited liability company, Global Social Media, LLC ("GSM"), for the principal purpose of creating a social media platform in order to provide content and services to assist businesses, including the Company and other businesses, in marketing their products. The Company owns 60% of the equity interest in GSM and controls its operations. See details at Note 3 below.

On February 15, 2022, the Company acquired 100% of the ordinary shares of Anivia Limited ("Anivia"), a corporation organized under the laws of the British Virgin Islands ("BVI"), in accordance with the terms of a share transfer framework agreement (the "Transfer Agreement"), dated February 15, 2022, by and between the Company, White Cherry Limited, a BVI company ("White Cherry"), White Cherry's equity holders, Li Zanyu and Xie Jing (together with White Cherry, the "Sellers"), Anivia, Fly Elephant Limited, a Hong Kong company, Dayourenzai (Shenzhen) Technology Co., Ltd. ("DYRZ"), and Daheshou (Shenzhen) Information Technology Co., Ltd. ("DHS"). Anivia owns 100% of the equity of Fly Elephant Limited, which in turn owns 100% of the equity of DYRZ, a corporation located in the People's Republic of China ("PRC"), which is a wholly foreign-owned enterprise ("WFOE") of Fly Elephant Limited. The WFOE controls, through contractual arrangements summarized in Note 4 below, the business, revenues and profits of DHS, a company organized under the Laws of the PRC and located in Shenzhen, China. See details on Note 4 below.

On August 4, 2025, the Company, through its wholly-owned subsidiary, DYRZ, entered into an agreement (the "VIE Contract Termination Agreement") with the Company's variable interest entity, DHS and its registered shareholders. DHS had previously been consolidated into the Company's financial statements as a variable interest entity pursuant to certain contractual arrangements (the "VIE Agreements"), which allowed DYRZ to exercise effective control over DHS. Following entry into the VIE Contract Termination Agreement, DYRZ no longer owns, operates or controls DHS and Company-related services and activities previously conducted by DHS will now be performed by iPower and other contractors, as needed, as part of an effort to streamline operations and improve structural efficiency. See details on Note 4 below.

On June 3, 2025, the Company entered into a joint venture agreement and formed a Nevada limited liability company, United Package NV, LLC ("United Package"), for the principal purpose of producing packaging materials to serve the rapidly growing demands of U.S. businesses seeking reliable, sustainable and cost-effective supply chain solutions without reliance on offshore manufacturing. The Company owns approximately 44% of the equity interest in United Package, retaining significant influence, but does not own a majority equity interest in or otherwise control United Package. See details on Note 3 below.

On October 15, 2025, the Company executed an agreement (the "Restructuring Agreement") with its subsidiaries to modify its corporate structure so that the Company's consumer goods and logistics business be operated out of GPM. Pursuant to the Restructuring Agreement, the Company transferred its ownership in E Marketing and United Package to GPM. Execution of the Restructuring Agreement does not have any impact on the consolidated financial statements of the Company.

On October 23, 2025, the Company formed iPower Smart LLC, a Delaware limited liability company ('Smart LLC"). Smart LLC is wholly owned by the Company and principally engaged in digital treasury activities.

On January 29, 2026, the Company formed iPower Nexus Inc., a Nevada corporation ("Nexus"). Nexus is wholly owned by the Company and principally engaged in supply chain management business.

On February 1, 2026, the Company entered into a stock purchase agreement (the "SPA") with ETTS AI Investment LLC, a Nevada limited liability company ("ETTS AI"), pursuant to which the Company sold its equity interest in GPM and its underlying entities to ETTS AI in exchange for a $2.3 million promissory note (the "Promissory Note"). As a result of the transaction, GPM and its underlying entities ceased to be subsidiaries of the Company as of February 1, 2026. See details on Note 5 below.

On July 15, 2026, the Company formed two wholly-owned subsidiaries: IPW Commerce LLC, a Delaware limited liability company ("IPW Commerce"), and iPower AI LLC ("IPW AI"), a Delaware limited liability company (collectively, the "New Subsidiaries"). The New Subsidiaries were formed to separate the Company's e-commerce and artificial intelligence operations from the remainder of the Company's business, and the formation of the New Subsidiaries did not result in any change to the Company's management or capital structure.

Note 2 – Basis of Presentation and Summary of significant accounting policies

Basis of presentation

The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the requirements of the U.S. Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP can be condensed or omitted. These unaudited condensed consolidated financial statements have been prepared on the same basis as its annual consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for the fair statement of the Company's financial information. These interim results are not necessarily indicative of the results to be expected for the fiscal year ending June 30, 2027, or for any other interim period or for any other future year. All intercompany balances and transactions have been eliminated in consolidation.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in the Annual Report for the year ended June 30, 2026, which are included in Form 10-K filed with the SEC on October 2, 2026.

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries, GSM, Smart LLC, Nexus, IPW Commerce, IPW AI, and Anivia Limited. All inter-company balances and transactions have been eliminated.

Smaller Reporting Company Status

The Company is a "smaller reporting company," as defined in Rule 12b-2 under the Exchange Act. As such, the Company is eligible to use certain reduced disclosure requirements applicable to smaller reporting companies. As a smaller reporting company, the Company may take advantage of certain scaled disclosure requirements, including reduced disclosure obligations regarding executive compensation and the ability to provide only two years of audited financial statements. In addition, the Company may elect to use some or all of these accommodations for so long as it remains eligible to do so. The Company's reliance on these accommodations may make it more difficult for investors to compare our disclosures with those of companies that do not qualify as smaller reporting companies.

Use of estimates and assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Foreign currency translation and transactions

The reporting and functional currency of iPower and its subsidiaries is the U.S. dollar (USD). iPower's WFOE and VIE in China each uses the local currency, Renminbi ("RMB"), as its functional currency. Assets and liabilities of the VIE are translated at the current exchange rate as quoted by the People's Bank of China (the "PBOC") at the end of the period. Income and expense accounts are translated at the average translation rates and the equity accounts are translated at historical rates. Translation adjustments resulting from this process are included in accumulated other comprehensive income (loss) in the statement of changes in stockholders' equity. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

The balance sheet amounts of the WFOE, with the exception of equity, on June 30, 2026, were translated at 6.7940 RMB to $1.00. The equity accounts were stated at their historical rates. The average translation rates applied to statements of operations and comprehensive income (loss) accounts for the three months ended September 30, 2025 was 7.157 RMB to $1.00. Cash flows were also translated at average translation rates for the period and, therefore, amounts reported on the statement of cash flows would not necessarily agree with changes in the corresponding balances on the consolidated balance sheet.

For the three months ended September 30, 2026, the Company had no foreign subsidiaries whose functional currencies were other than the U.S. dollar.

Going Concern

The Company evaluates its ability to continue as a going concern in accordance with ASC 205-40, *Presentation of Financial Statements—Going Concern*. Management evaluates whether conditions and events, considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the consolidated financial statements are issued.

In performing this evaluation, management considers, among other factors, the Company's current financial condition, liquidity and available sources of financing, obligations due or anticipated within the assessment period, historical and expected operating results and cash flows, and other relevant conditions and events. When substantial doubt is raised, management evaluates whether its plans that are intended to mitigate those conditions and events, when implemented, will alleviate the substantial doubt. Such plans are considered only to the extent that it is probable that they will be effectively implemented and, if implemented, will mitigate the conditions and events giving rise to substantial doubt.

As of September 30, 2026, the Company had cash and cash equivalents of $1.6 million and working capital of $7.8 million. In assessing the Company's liquidity requirements for the 12 months following the issuance of these unaudited condensed consolidated financial statements, management considered the Company's expected cash flows from operations, available financing sources, and significant contractual obligations. The Company has approximately $15.0 million of remaining optional financing capacity under its existing financing arrangement, subject to the investors' election and the satisfaction or waiver of applicable closing conditions. At the date of this report, the Company's significant cash requirements include approximately $3.0 million of convertible notes outstanding, which do not mature until July 2028 through September 2028, although the notes require monthly interest payments and may be converted into common stock in accordance with their terms, and approximately $0.6 million of net lease payments expected during fiscal 2027. Although the Company incurred a net loss of approximately $2.8 million and negative operating cash flows during the three months ended September 30, 2026, management expects its future cash requirements to be reduced as a result of the cost reductions and other completed restructuring actions.

Based on the Company's current operating plan, cash and cash equivalents, expected cash flows from operations, financing proceeds, and expected cash requirements, management believes that the Company will have sufficient liquidity to meet its obligations and fund its operations for at least the next 12 months. However, the Company's liquidity and ability to meet its obligations and fund its capital requirements are dependent on its future financial performance, which is subject to general economic, financial and other factors beyond the Company's control, including inflation and a potential recession.

Given the Company's current working capital position, management believes it will be able to manage through the current challenges by managing payment terms with customers and vendors.

Cash and cash equivalents

Cash and cash equivalents consist of amounts held as cash on hand and financial institution and financial service company deposits.

From time to time, the Company may maintain cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit of $250,000 per depositor, per insured bank, for each account ownership category. The Company has not experienced any losses with respect to such accounts. Management believes the Company is not exposed to any significant credit risk with respect to its cash deposits.

Restricted Cash

Restricted cash consists of cash that is subject to contractual restrictions on withdrawal or use. The Company's restricted cash primarily represents cash held in a controlled account and pledged as collateral pursuant to the Company's financing arrangements. Such amounts are restricted as to withdrawal and use in accordance with the terms of the applicable agreements.

For purposes of the consolidated statements of cash flows, the Company includes restricted cash together with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts. Transfers between cash and cash equivalents and restricted cash are not presented as operating, investing, or financing activities in the consolidated statements of cash flows.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Balance Sheet that sums to the total of such amounts shown in the Consolidated Statement of Cash Flows:

	September 30, 2026	June 30, 2026
Cash and cash equivalents	$ 1,590,670	$ 478,042
Cash and cash equivalents included in current assets held for sale	–	–
Restricted cash	4,817,911	3,252,140
Total cash, cash equivalents and restricted cash shown in the Unaudited Condensed Consolidated Statement of Cash Flows	$ 6,408,581	$ 3,730,182

Accounts receivable

During the ordinary course of business, the Company extends unsecured credit to its customers. Accounts receivable are stated at the amount the Company expects to collect from customers, which includes the amount withheld by sales channel partners and refundable to the Company. Based on historical and expected loss rate and status of negotiations with the sales channel partner, management reviews its accounts receivable balances each reporting period to determine if an allowance for credit loss is required.

The Company evaluates the creditworthiness of all of its customers individually before accepting them and continuously monitors the recoverability of accounts receivable. If there are any indicators that a customer may not make payment, the Company may consider making provision for non-collectability for that particular customer. At the same time, the Company may cease further sales or services to such customer. The following are some of the factors that the Company develops allowance for credit losses:

- the customer fails to comply with its payment schedule;
- the customer is in serious financial difficulty;
- a significant dispute with the customer has occurred regarding job progress or other matters;
- the customer breaches any of its contractual obligations;
- the customer appears to be financially distressed due to economic or legal factors;
- the business between the customer and the Company is not active; or
- other objective evidence indicates non-collectability of the accounts receivable.

Accounts receivable are recognized and carried at carrying amount less an allowance for credit losses, if any. The Company maintains an allowance for credit losses resulting from the inability of its customers to make required payments based on contractual terms. The Company reviews the collectability of its receivables on a regular and ongoing basis. The Company has also included in calculation of allowance for credit losses the potential impact of the overall economic conditions on our customers' industry and businesses and their ability to pay our accounts receivable. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The Company also considers external factors to the specific customer, including current conditions and forecasts of economic conditions, including the potential impact of the recent tariff policy. In the event we recover amounts previously written off, we will reduce the specific allowance for credit losses.

Equity method investment

The Company accounts for its ownership interest in Box Harmony, a 40% owned joint venture, following the equity method of accounting, in accordance with ASC 323, Investments — Equity Method and Joint Ventures. Under this method, the carrying cost is initially recorded at cost and then increased or decreased by recording its percentage of gain or loss in the joint ventures' statement of operations and a corresponding charge or credit to the carrying value of the asset.

Digital Assets

The Company accounts for its digital assets, which, as of September 30, 2026, consisted of Bitcoin ("BTC"), in accordance with Accounting Standards Codification ("ASC") Topic 350-60, "Intangibles—Goodwill and Other—Crypto Assets." The Company has ownership of and control over its digital assets and may use third-party custodial services to secure them. Digital assets are initially recognized at cost and subsequently measured at fair value at each reporting date, with changes in fair value recognized in net income.

The Company determines the fair value of its digital assets on a recurring basis in accordance with ASC Topic 820, "Fair Value Measurement," based on quoted prices on the active exchange that the Company has determined is its principal market for such digital assets (Level 1 inputs). The Company determines the cost basis of digital assets using the specific identification of each unit received. Realized and unrealized gains and losses from changes in the fair value of digital assets are recognized in the statement of operations.

Variable interest entities

On February 15, 2022, the Company acquired 100% of the ordinary shares of Anivia and its subsidiaries, including DHS. Pursuant to the terms of the Agreements, the Company does not have direct ownership in DHS but is actively involved in DHS's operations as the sole manager to direct the activities and significantly impact DHS's economic performance. DHS's operational funding has been provided by the Company following the February 15, 2022 acquisition. During the term of the Agreements, the Company bears all the risk of loss and has the right to receive all of the benefits from DHS. As such, based on the determination that the Company is the primary beneficiary of DHS, in accordance with ASC 810-10-25-38A through 25-38J, DHS is considered a VIE of the Company and the financial statements of DHS have been consolidated from the date such control existed, February 15, 2022.

On August 4, 2025, the Company entered into a Variable Interest Entity ("VIE") Contract Termination Agreement with the VIE, pursuant to which all VIE agreements were terminated. As a result, the Company no longer has a controlling financial interest in the VIE. In accordance with ASC 810-10-40, *Consolidation — Deconsolidation of a Subsidiary or Derecognition of a Group of Assets*, the Company deconsolidated the VIE as of the termination date.

Upon deconsolidation, the Company derecognized all assets and liabilities of the VIE from its consolidated balance sheet. Because the Company retains no ownership interest or continuing involvement in the VIE following the termination of the agreements, no retained interest was recognized.

Intangible assets

Finite life intangible assets at September 30, 2026 included a covenant not to compete, a supplier relationship, and software recognized as part of the acquisition of Anivia. Intangible assets are recorded at the estimated fair value of these items at the date of acquisition, February 15, 2022. Intangible assets are amortized on a straight-line basis over their estimated useful life as follows:

	Useful Life
Covenant Not to Compete	10 years
Supplier relationship	6 years
Software	5 years

The Company reviews the recoverability of long-lived assets, including intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations. The Company did not record any impairment charge for the three months ended September 30, 2026 and 2025.

Software development

The Company accounts for costs incurred to develop or obtain software for internal use in accordance with ASC 350-40, *Intangibles—Goodwill and Other—Internal-Use Software*. Costs incurred during the preliminary project stage are expensed as incurred. Costs incurred during the application development stage are capitalized when the preliminary project stage has been completed, management has authorized and committed to funding the project, and it is probable that the project will be completed and the software will be used to perform the function intended. Capitalizable costs include amounts paid to third-party developers and other costs directly associated with the development and implementation of the software.

Costs incurred for training, data conversion, maintenance, and other post-implementation activities are expensed as incurred. Capitalization ceases when the software is substantially complete and ready for its intended use. Capitalized internal-use software costs are amortized on a straight-line basis over their estimated useful lives beginning when the software is ready for its intended use. The Company evaluates capitalized internal-use software for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Embedded derivative liability

The Company evaluates the embedded features of its financial instruments, including its convertible notes payable in accordance with ASC Topic 480, "*Distinguishing Liabilities from Equity*," and ASC Topic 815 "*Derivatives and Hedging*." Certain conversion options and redemption features are required to be bifurcated from their host instrument and accounted for as free-standing derivative financial instruments should certain criteria be met. The Company applies significant judgment to identify and evaluate complex terms and conditions for its financial instruments to determine whether such instruments are derivatives or contain features that qualify as embedded derivatives. Embedded derivatives must be separately measured from the host contract if all the requirements for bifurcation are met. The assessment of the conditions surrounding the bifurcation of embedded derivatives depends on the nature of the host contract and the features of the derivatives. Bifurcated embedded derivatives are recognized at fair value.

The following table provides a roll-forward of changes for financial instruments measured at fair value on a recurring basis for the three months ended September 30, 2026:

Derivative Liability	Amount
Balance as of June 30, 2026	$ 606,700
Initial fair value upon issuance of convertible notes	1,238,900
Extinguishment of derivative liability upon conversion of convertible notes	(501,700)
Gain on change in fair value of derivative liability	(121,600)
Balance as of September 30, 2026	$ 1,222,300

Treasury stock

The Company accounts for treasury stock under the cost method in accordance with ASC 505-30, *Equity — Treasury Stock*. Shares of the Company's common stock repurchased in the open market are recorded at cost and presented as a reduction of stockholders' equity. Changes in the market value of treasury shares subsequent to repurchase are not recognized in the consolidated financial statements.

Fair values of financial instruments

ASC 825, "Disclosures about Fair Value of Financial Instruments," requires disclosure of fair value information about financial instruments. ASC 820, "Fair Value Measurements" defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and all other current assets and liabilities approximate fair values due to their short-term nature.

For other financial instruments to be reported at fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines the fair value of its financial instruments based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 – Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3 – Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

The Company measures certain non-financial assets on a non-recurring basis, including goodwill. As a result of those measurements, as of September 30, 2026 and June 30, 2026, the Company had goodwill with a carry book value of $0 and $0, respectively.

The fair value of goodwill was determined based on a combination of the market approach and the discounted cash flow method, which is an income approach, which required the use of inputs that were unobservable in the marketplace (Level 3), including a discount rate that would be used by a market participant, projections of revenues and cash flows, among others.

The fair value of financial instruments measured on a recurring basis as of September 30, 2026 consisted of the following:

	Fair Value Measurements as of September 30, 2026			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
Digital assets	$ 1,262,913	$ 1,262,913	$ –	$ –
Derivative liability	(1,222,300)	–	–	(1,222,300)
Total recurring fair value measurements	$ 40,613	$ 1,262,913	$ –	$ (1,222,300)

Revenue recognition

The Company recognizes revenues from service and product sales, net of promotional discounts and return allowances, when the following revenue recognition criteria are met: a contract has been identified, separate performance obligations are identified, the transaction price is determined, the transaction price is allocated to separate performance obligations and revenue is recognized upon satisfying each performance obligation. The Company transfers the risk of loss or damage upon shipment or completion of service, therefore, revenue from product sales is recognized when it is shipped to the customer and the revenue from services is recognized upon completion of services. Return allowances, which reduce product revenue by the Company's best estimate of expected product returns, are estimated using historical experience.

The Company evaluates the criteria of ASC 606 - Revenue Recognition Principal Agent Considerations in determining whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions. Generally, when the Company is primarily responsible for fulfilling the promise to provide a specified good or service and the Company has discretion in establishing the price, revenue is recorded at gross.

Payments received prior to the delivery of goods to customers are recorded as customer deposits.

The Company periodically provides incentive offers to its customers to encourage purchases. Such offers include current discount offers, such as percentage discounts off current purchases and other similar offers. Current discount offers, when accepted by the Company's customers, are treated as a reduction to the purchase price of the related transaction.

Sales discounts are recorded in the period in which the related sales are recorded. Sales return allowances are estimated based on historical amounts and are recorded upon recognizing the related sales. Shipping and handling costs are recorded as selling expenses.

Cost of revenue

Cost of revenue mainly consists of costs for purchases of products, net of purchase discounts and rebates, and related inbound freight and delivery fees.

Operating expenses

Operating expenses, which consist of selling and fulfillment and general and administrative expenses, including inventory reserves, are expensed as incurred. Vendor warranty credits resulting from refund of returns on quality issues are recorded to offset merchant selling fees. During the three months ended September 30, 2026 and 2025, the Company did not have any vendor credits. Outbound freight costs related to shipping costs to customers are considered periodic costs and are reflected in selling and fulfillment expenses.

Advertising costs are expensed as incurred. Total advertising and promotional costs included in selling and fulfillment expenses for the three months ended September 30, 2026 and 2025 were as following.

	2026	2025
Advertising and promotion	$ –	$ 809,990

Inventories

Inventory consists of finished goods ready for sale and is stated at the lower of cost or net realizable value. The Company values its inventory using the weighted average costing method. The Company's policy is to include as a part of inventory and cost of goods sold any freight incurred to ship the product from its vendors to warehouses. The Company regularly reviews inventory and considers forecasts of future demand, market conditions and product obsolescence.

If the estimated realizable value of the inventory is less than cost, the Company makes provisions in order to reduce its carrying value to its estimated market value. The Company also reviews inventory for slow moving inventory and obsolescence and records allowance for obsolescence.

Debt issuance costs

Costs incurred in connection with the issuance of debt are deferred and amortized as interest expense over the term of the related debt using the effective interest method. To the extent that the debt is outstanding, these amounts are reflected in the consolidated balance sheets as direct deductions from the carrying amount of the outstanding borrowings.

Segment reporting

The Company follows ASC 280, Segment Reporting. The Company's chief operating decision maker ("CODM"), the Chief Executive Officer, reviews the consolidated results of operations when making decisions about allocating resources and assessing the performance of the Company as a whole and, hence, the Company has only one reportable segment. The Company does not distinguish between markets or segments for the purpose of internal reporting.

The CODM uses consolidated net income (loss), as reported in the consolidated statements of operations, as the measure of segment profit or loss in assessing segment performance and allocating resources. The significant expense categories and amounts regularly provided to the CODM are the consolidated expense categories presented in the Company's consolidated statements of operations. Accordingly, the Company has not separately duplicated such information in this note and refers to the consolidated statements of operations for the significant segment expense information.

For the three months ended September 30, 2026 and 2025, sales through Amazon to Canada and other foreign countries were approximately 0% and 5.1% of the Company's total sales, respectively. During the three months ended September 30, 2026, sales of hydroponic products, including ventilation and grow light systems, were approximately 34% of the Company's total sales and the remaining 66% consisted of general gardening, home goods, and other products and accessories. During the three months ended September 30, 2025, sales of hydroponic products, including ventilation and grow light systems, were approximately 9% of the Company's total sales and the remaining 91% consisted of general gardening, home goods, and other products and accessories. As of September 30, 2026 and June 30, 2026, the Company had approximately $0 and $0 of inventory stored in China, respectively. The Company's majority of long-lived assets are located in the State of California, United States, a majority of the deferred tax assets are US related, and a majority of the Company's revenues are derived from within the United States.

Leases

The Company records right-of-use ("ROU") assets and related lease obligations on our balance sheet.

ROU assets represent our right to use an underlying asset for the lease terms and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company generally uses its incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Stock-based compensation

The Company applies ASC No. 718, "Compensation-Stock Compensation," which requires that share-based payment transactions with employees and nonemployees, upon adoption of ASU 2018-07, be measured based on the grant date fair value of the equity instrument and recognized as compensation expense over the requisite service period, with a corresponding addition to equity. Under this method, compensation costs related to employee share options or similar equity instruments is measured at the grant date based on the fair value of the award and is recognized over the period during which an employee is required to provide service in exchange for the award, which generally is the vesting period. In addition to the requisite service period, the Company also evaluates the performance condition and market condition under ASC 718-10-20. For an award which contains both a performance and a market condition, and where both conditions must be satisfied for the award to vest, the market condition is incorporated into the fair value of the award, and that fair value is recognized over the employee's requisite service period or nonemployee's vesting period if it is probable the performance condition will be met. If the performance condition is ultimately not met, compensation costs related to the award should not be recognized (or should be reversed) because the vesting condition in the award has not been satisfied.

The Company will recognize forfeitures of such equity-based compensation as they occur.

Income taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance must be established for deferred tax assets when it is more-likely-than-not (a probability level of more than 50%) that they will not be realized. Valuation allowances are recorded, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company has analyzed filing positions in each of the federal and state jurisdictions where the Company is required to file income tax returns, as well as open tax years in such jurisdictions. The Company has identified the U.S. federal jurisdiction, and the states of Nevada and California, as its "major" tax jurisdictions. However, the Company has certain tax attribute carryforwards which will remain subject to review and adjustment by the relevant tax authorities until the statute of limitations closes with respect to the year in which such attributes are utilized.

The Company believes that our income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740, Income Taxes. The Company's policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes.

Employee Retention Credit

The Company accounts for refundable Employee Retention Credits ("ERC") as government assistance. ERC amounts are recognized when the Company has reasonable assurance that it has complied with the applicable eligibility requirements and conditions of the program and that the credits are received and retained. Amounts recognized are based on the credits received and are presented as other income in the consolidated statements of operations.

Commitments and contingencies

In the ordinary course of business, the Company is subject to certain contingencies, including legal proceedings and claims arising out of the business that relate to a wide range of matters, such as government investigations and tax matters. The Company recognizes a liability for such contingency if it determines it is probable that a loss has occurred and a reasonable estimate of the loss can be made. The Company may consider many factors in making these assessments including historical and specific facts and circumstances of each matter.

Earnings per share

Basic earnings per share is computed by dividing net income attributable to holders of common stock by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share give effect to potentially dilutive securities outstanding during the period using the treasury stock method or if-converted method, as applicable, except when their effect would be antidilutive.

Recently issued accounting pronouncements

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements*, which makes technical corrections, clarifications and other incremental improvements to various Topics in the Accounting Standards Codification. The amendments include, among other matters, clarifications related to diluted earnings per share and treasury stock. The amendments are generally effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact of adopting the amendments on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which modernizes the accounting for costs incurred to develop software for internal use. Among other changes, the amendments remove references to software development project stages and revise the guidance for determining when capitalization of software development costs should begin. The amendments are effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact of adopting the amendments on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The ASU provides a practical expedient and accounting policy election for measuring expected credit losses on certain trade receivables and contract assets arising under ASC 606. The amendments are effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years, with early adoption permitted. The adoption of this standard did not have a material impact on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires public business entities to provide additional disclosures about certain expenses included in the income statement. The amendments require disclosure of specified expense categories included within relevant expense captions, including purchases of inventory, employee compensation, depreciation and intangible asset amortization, as applicable, as well as certain other qualitative and quantitative information. In January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03 for entities with non-calendar fiscal years. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of adopting the amendments on its consolidated financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures. Under this ASU, public business entities must annually "(1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income [or loss] by the applicable statutory income tax rate)." This ASU's amendments are effective for public business entities for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Entities are permitted to early adopt the standard "for annual financial statements that have not yet been issued or made available for issuance." The amendments should be applied on a prospective basis. Retrospective application is permitted. The adoption of this standard did not have a material impact on its consolidated financial statements but resulted in additional income tax disclosures.

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. This ASU incorporates certain U.S. Securities and Exchange Commission (SEC) disclosure requirements into the FASB Accounting Standards Codification™ ("Codification"). The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations. In SEC Release No. 33-10532, Disclosure Update and Simplification, issued August 17, 2018, the SEC referred certain of its disclosure requirements that overlap with, but require incremental information to, generally accepted accounting principles to the FASB for potential incorporation into the Codification. The ASU incorporates into the Codification 14 of the 27 disclosures referred by the SEC. They modify the disclosure or presentation requirements of a variety of Topics in the Codification. The requirements are relatively narrow in nature. Some of the amendments represent clarifications to, or technical corrections of, the current requirements. Because of the variety of Topics amended, a broad range of entities may be affected by one or more of those amendments. For entities subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. For all other entities, the amendments will be effective two years later. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

Note 3 - Joint Ventures

Box Harmony, LLC

On January 13, 2022, the Company entered into a joint venture agreement (the "Joint Venture Agreement") with Titanium Plus Autoparts, Inc., a California corporation ("TPA"), Tony Chiu ("Chiu") and Bin Xiao ("Xiao"). Pursuant to the terms of the Joint Venture Agreement, the parties formed a Nevada limited liability company, Box Harmony, LLC ("Box Harmony"), for the principal purpose of providing logistic services primarily for foreign-based manufacturers or distributors who desire to sell their products online in the United States, with such logistic services to include, without limitation, receiving, storing and transporting such products.

Following entry into the Joint Venture Agreement, Box Harmony issued a total of 6,000 certificated units of membership interest, designated as Class A voting units ("Equity Units"), as follows: (i) the Company agreed to contribute $50,000 in cash in exchange for 2,400 Equity Units in Box Harmony and agreed to provide Box Harmony with the use and access to certain warehouse facilities leased by the Company (see below), and (ii) TPA received 1,200 Equity Units in exchange for (a) $1,200 and contributing the TPA IP License referred to below, (b) its existing and future customer contracts, and (c) granting Box Harmony the use of shipping accounts (FedEx and UPS) and all other TPA carrier contracts, and (iii) Xiao received 2,400 Equity Units in exchange for $2,400 and his agreement to manage the day to day operations of Box Harmony.

Under the terms of the Box Harmony limited liability operating agreement (the "LLC Agreement"), TPA and Xiao each granted to the Company an unconditional and irrevocable right and option to purchase ("Purchase Option") from Xiao and TPA at any time within the first 18 months following January 13, 2022, up to 1,200 Class A voting units, at an exercise price of $550 per Class A voting unit, for a total exercise price of up to $660,000. If such option is fully exercised, the Company would own 3,600 Equity Units or 60% of the total outstanding Equity Units. As of the date of this report, the Purchase Option had expired, and the Company had not exercised its option to purchase additional voting units from Xiao and TPA. The LLC Agreement prohibits the issuance of additional Equity Units and certain other actions unless approved in advance by the Company. In January 2023, TPA and Xiao transferred their 60% equity units to a third party without consideration as the LLC was still in the development stage and did not have significant operations. The transfer of equity did not have any impact on the LLC's financial statements.

As a result, the Company owns 40% of the equity interest in Box Harmony with significant influence but does not own a majority equity interest or otherwise control of Box Harmony. The Company accounts for its ownership interest in Box Harmony following the equity method of accounting, in accordance with ASC 323, Investments —Equity Method and Joint Ventures. Under this method, the carrying cost is initially recorded at cost and then increased or decreased by recording its percentage of gain or loss in its statement of operations and a corresponding charge or credit to the carrying value of the asset. As of September 30, 2026 and June 30, 2026, the carrying value of the investment in Box Harmony was $12,451 and $12,773, respectively.

Global Social Media, LLC

On February 10, 2022, the Company entered into a joint venture agreement with Bro Angel, LLC, Ji Shin and Bing Luo (the "GSM Joint Venture Agreement"). Pursuant to the terms of the GSM Joint Venture Agreement, the parties formed a Nevada limited liability company, Global Social Media, LLC ("GSM"), for the principal purpose of providing a social media platform, contents and services to assist businesses, including the Company and other businesses, in marketing their products.

Following entry into the GSM Joint Venture Agreement, GSM issued 10,000 certificated units of membership interest (the "GSM Equity Units"), of which the Company was issued 6,000 GSM Equity Units and Bro Angel was issued 4,000 GSM Equity Units. Messrs. Shin and Luo are the owners of 100% of the equity of Bro Angel. The LLC Agreement prohibits the issuance of additional Equity Units and certain other actions unless approved in advance by Bro Angel, creating a noncontrolling right that would not be substantive to overcome the majority voting interests held by the Company.

As of the date of this report, the members had not completed the capital contributions and no receivables have been recorded.

Pursuant to the terms of the Agreements, the Company owns 60% of the equity interest in GSM and control of GSM's operations. In accordance with ASC 810, *Consolidation*, the Company consolidates GSM in its consolidated financial statements based on its controlling financial interest in GSM. For the three months ended September 30, 2026 and 2025, the impact of GSM's activities was immaterial to the Company's consolidated financial statements.

United Package NV, LLC

On June 3, 2025, the Company, Custom Cup Factory, Inc., a California corporation ("CCF"), and Yi Yang ("Yang") entered into the limited liability company operating agreement (the "Operating Agreement") of United Package NV, LLC, a Nevada limited liability corporation ("United Package").

United Package focuses on the domestic production of packaging materials to serve the rapidly growing demands of U.S. businesses seeking reliable, sustainable, and cost-effective supply chain solutions without reliance on offshore manufacturing. Pursuant to the terms of the Operating Agreement, the Company owns 2,280 Class A Voting Units (as defined in the Operating Agreement) of United Package in consideration for the Company's contribution of equipment and facility, Yang owns 1,140 Class A Voting Units of United Package in consideration for Yang's commitment to manage the business of United Package and CCF owns 1,710 Class A Voting Units of United Package in consideration for CCF's contribution of its marketing expertise, existing sales channel and customer list.

As a result of the above, the Company owns approximately 44% of the equity interest in United Package with significant influence but does not own a majority equity interest or otherwise control of United Package. The Company accounts for its ownership interest in United Package following the equity method of accounting, in accordance with ASC 323, Investments —Equity Method and Joint Ventures. Under this method, the carrying cost is initially recorded at cost and then increased or decreased by recording its percentage of gain or loss in its statement of operations and a corresponding charge or credit to the carrying value of the asset. As of September 30, 2026 and June 30, 2026, the Company invested $0 and $0, respectively. On October 15, 2025, pursuant to the Restructuring Agreement, the Company transferred its ownership in United Package to GPM and recorded a loss on investment of $665,443. On February 1, 2026, the Company sold its equity interest in GPM and its underlying entities, including United Package, to ETTS AI. See details on Note 5 below.

Note 4 – Variable Interest Entity

Effective February 15, 2022, upon acquisition of Anivia, the Company assumed the contractual arrangements between the WFOE and DHS through a variable interest operating entity structure. On September 26, 2024, Mr. Zanyu Li, the equity owner of DHS, transferred his shares to Ms. Xiaoyun Liu. Ms. Liu has become the Manager and Legal Representative of DHS and assumed all responsibilities and obligations of Mr. Zanyu Li. The transfer of equity ownership did not change the control the Company had on the VIE, therefore there was no impact on the Company's financial statements.

The Company did not provide financial or other support to the VIE for the periods presented where the Company was not otherwise contractually required to provide such support.

On August 4, 2025, the Company entered into a VIE Contract Termination Agreement with the VIE, pursuant to which all VIE agreements were terminated. As a result, the Company no longer has a controlling financial interest in the VIE. In accordance with ASC 810-10-40, *Consolidation — Deconsolidation of a Subsidiary or Derecognition of a Group of Assets*, the Company deconsolidated the VIE as of the termination date.

Upon deconsolidation, the Company derecognized all assets and liabilities of the VIE from its consolidated balance sheet. Because the Company retains no ownership interest or continuing involvement in the VIE following the termination of the agreements, no retained interest was recognized.

Comparative information for the prior period has not been adjusted, as the deconsolidation does not represent a discontinued operation under ASC 205-20.

As of June 30, 2025, there was no pledge or collateralization of the VIE assets that would be used to settle obligations of the VIE.

The following table summarizes the carrying amounts of the VIE's assets and liabilities derecognized as of August 4, 2025 and the carrying amount of the VIE's assets and liabilities as of June 30, 2025:

	Deconsolidation	June 30, 2025
Cash in bank	$ 160,113	$ 311,852
Prepayments and other receivables	$ 281	$ 279
Rent deposit	$ –	$ 9,772
Office equipment, net	$ 3,539	$ 3,562
Accounts payable	$ 100,167	$ 99,544
Income tax payable	$ –	$ 280,155
Other payables and accrued liabilities	$ 24,142	$ 465,990

Upon deconsolidation, the Company recorded $39,624 loss on deconsolidation of VIE.

The operating results of the VIE were as follows for the three months ended September 30, 2026 and 2025:

	2026	2025
Revenue	$ –	$ –
Net income (loss) after elimination of intercompany transactions	$ –	$ 650,250

Note 5 – Discontinued Operation

On February 1, 2026, the Company entered into a software asset transfer agreement (the "Software Asset Transfer Agreement") with its then-wholly owned subsidiary, Global Product Marketing, Inc., a Nevada corporation ("GPM"), pursuant to which GPM assigned, transferred and conveyed to the Company all of GPM's right, title and interest in its Software Assets (as defined in the agreement), and the Company assumed all outstanding vendor payables related to the Software Assets. In addition, the Software Asset Transfer Agreement granted GPM a non-exclusive worldwide, perpetual, irrevocable and royalty free license to use, reproduce and modify the licensed software, thus allowing the Company and GPM to collaborate in the software development on a going forward basis. Further, in the event GPM resells the Original Software code (as defined in the agreement), GPM shall pay the Company 50% of the proceeds received in relation to such sale.

Thereafter, on February 1, 2026, the Company entered into a stock purchase agreement (the "SPA") with a third party, ETTS AI Investment LLC, a Nevada limited liability company ("ETTS AI"), pursuant to which the Company sold its equity interest in GPM and its underlying entities to ETTS AI in exchange for a $2.3 million promissory note (the "Promissory Note"). The Promissory Note is repayable in full in seven years, may be prepaid at any time, and repayment may be credited from time to time by purchase orders (as described below) made under a supply and distribution agreement, dated February 1, 2026 (the "Supply and Distribution Agreement"), between the Company, GPM and ETTS AI.

Under the Supply and Distribution Agreement, the Company and GPM agreed that the Company will act as exclusive supplier in the United States, Canada and Mexico for all existing SKUs that have historically been distributed from the Company to GPM, thus allowing the Company to continue in its role of supplier to GPM while divesting of the cost center associated with GPM's sales function. As supplier, the Company will charge GPM, as distributor, a price mutually agreed on for each product and has the right to add up to 15% margin on top of the net cost. In addition, GPM will charge the Company a cooperative marketing fee, which will be defined in a subsequent agreement between the parties. Under the Supply and Distribution Agreement, payment on all purchase orders are due within seven days of GPM's receipt of payment from its customers and amounts identified as "Margin" (i.e., the Company's cost x margin on the SKUs purchased by GPM) may be applied on a dollar-for-dollar as a credit/offset against the outstanding amounts owed under the Promissory Note. The Supply and Distribution Agreement has a term of five years and automatically renews thereafter for subsequent two-year terms, unless 90 days' notice is provided prior to the expiration of such term. In addition, the Supply and Distribution Agreement contains standard limitation on liability, indemnification and other provisions standard for an agreement of this nature.

The sale of GPM represents a strategic shift that will have a major effect on the Company's operations and financial results. Effective February 1, 2026, GPM ceased to be a related party of the Company. Due to this shift, for all periods presented, the consolidated financial statements reflect GPM's financial results as discontinued operations in the consolidated statements of operations.

The following table summarizes the carrying amounts of GPM's assets and liabilities and loss on disposal as of February 1, 2026:

	Amount
Total assets	$ 778,223
Total liabilities	(92,159)
Net assets disposed	686,064
Total consideration	2,300,000
Gain on disposal	$ 1,613,936

The following table presents components of discontinued operations, net of tax for the three months ended September 30, 2026 and 2025:

Component	Three Months Ended	
	9/30/2026	9/30/2025
Income from discontinued operations	$ –	$ 450,611
Gain on disposition of subsidiaries	–	–
Income tax expenses	–	209,476
Total discontinued operations, net of tax	$ –	$ 241,135

The following table presents items from discontinued operations for the three months ended September 30, 2026 and 2025 included within the consolidated statements of cash flows, including adjustments to reconcile net earnings to cash provided by (used in) operating activities:

	Three Months Ended	
	9/30/2026	9/30/2025
Income from discontinued operations	$ –	$ 450,611
Gain on disposition of subsidiaries	$ –	$ –

There were no investing or financing activities related to discontinued operations for the three months ended September 30, 2026 and 2025.

Note 6 – Accounts Receivable

Accounts receivable for the Company consisted of the following as of the dates indicated below:

	September 30, 2026	June 30, 2026
Accounts receivable	$ 5,611,562	$ 7,107,396
Less: allowance for credit losses	(2,735,696)	(2,735,696)
Total accounts receivable	$ 2,875,866	$ 4,371,700

The changes in allowance for credit losses on accounts receivable are summarized below:

	Allowance for Credit Losses
Balance at June 30, 2026	$ 2,735,696
Allowance recorded during the three months ended September 30, 2026	–
Balance at September 30, 2026	$ 2,735,696

Note 7 – Inventories

As of September 30, 2026 and June 30, 2026, inventories consisting of finished goods ready for sale were as follows:

	September 30, 2026	June 30, 2026
Finished goods	$ 41,222	$ 284,258
Less: Allowance for obsolescence	(41,222)	(284,258)
Total	$ –	$ –

For the three months ended September 30, 2026 and 2025, the Company recorded inventory reserve expense of $nil and $58,453, respectively. As of September 30, 2026 and June 30, 2026, allowance for obsolescence was $41,222 and $284,258, respectively.

Note 8 – Prepayments and Other Current Assets

As of September 30, 2026 and June 30, 2026, prepayments and other current assets consisted of the following:

	September 30, 2026	June 30, 2026
Advance to suppliers	$ 1,623,586	$ 871,966
Prepaid income taxes	90,501	99,954
Receivables – fulfillment fees	413,878	820,615
Prepaid expenses and other receivables	1,855,514	754,220
Less: Allowance for credit losses	–	–
Total	$ 3,983,479	$ 2,546,755

Note 9 - Digital Assets

On December 27, 2025, the Company purchased (1) 15.12 Bitcoin (BTC) at an average price of $87,686.33 per BTC, for a total amount of approximately $1,325,400 and (2) 301.09 Ethereum (ETH) at an average price of $2,934.67 per ETH, for a total amount of approximately $883,600. Pursuant to a Security and Pledge Agreement (the "Security Agreement") by and among the Company, each of the direct and indirect Subsidiaries (as defined in the Security Agreement) of the Company (the "Guarantors"), and an entity that is an affiliate of the Convertible Note Investor, the Company granted to the Investor, for the ratable benefit of the Investor, a valid, perfected and enforceable first priority security interest in the cryptocurrency assets of the Company and the Guarantors, including without limitation all Crypto Collateral (as defined in the Security Agreement) and related assets. The Security Agreement and restrictions on related collateral assets expire upon full repayment or conversion of related convertible notes and maturity of the SPA described in Note 13 below.

The following table provides a roll-forward of digital assets measured at fair value on a recurring basis for the three months ended September 30, 2026:

	Fair Value
Balance as of June 30, 2026	$ 2,356,644
Sales of ETH	(472,522)
Sales of sUSDai	(1,000,000)
Change in fair value of BTC	378,791
Balance as of September 30, 2026	$ 1,262,913

On August 14, 2026, the Company sold its ETH and sUSDai for a total of $1,565,771 in cash and recorded a gain of $93,249.

During the three months ended September 30, 2026 and 2025, the Company recognized a net gain of $472,040 and $0, respectively, on its digital asset holdings.

Digital assets consisted of the following at September 30, 2026:

	September 30, 2026		
Digital assets held:	**Units**	**Cost Basis**	**Fair Value**
BTC	15.12	$ 1,325,400	$ 1,262,913
ETH	–	–	–
sUSDai	–	–	–
		$ 1,325,400	$ 1,262,913

Note 10 – Intangible Assets

As of September 30, 2026 and June 30, 2026, intangible assets, net, consisted of the following:

	September 30, 2026	**June 30, 2026**
Covenant not to compete	$ 3,459,120	$ 3,459,120
Supplier relationships	1,179,246	1,179,246
Software	534,591	534,591
Accumulated amortization	(3,003,343)	(2,841,000)
Total	$ 2,169,614	$ 2,331,957

The intangible assets were acquired on February 15, 2022 through the Company's acquisition of Anivia. The weighted average remaining life for finite-lived intangible assets at September 30, 2026 was approximately 3.95 years. The amortization expense for the three months ended September 30, 2026 and 2025 was $162,343 and $162,343, respectively. At September 30, 2026, finite-lived intangible assets are expected to be amortized over their estimated useful lives, which ranges from a period of five to 10 years, and the estimated remaining amortization expense for each of the five succeeding years thereafter is as follows:

Year Ending June 30,	**Amount**
2027	$ 446,934
2028	468,750
2029	345,912
2030	345,912
2031	345,912
Thereafter	216,194
Intangible assets, net	$ 2,169,614

During the three months ended September 30, 2026 and 2025, the Company made cash prepayments of $631,128 and $583,633, respectively, for software development.

As of September 30, 2026 and June 30, 2026, software under development amounted to $3,269,336 and $2,638,208, including $460,807 acquired from GPM (See Note 5 above for additional information).

Note 11 – Promissory Note Receivable

On February 1, 2026, the Company entered into a stock purchase agreement (the "SPA") with ETTS AI Investment LLC, a Nevada limited liability company ("ETTS AI"), pursuant to which the Company sold its equity interest in GPM and its underlying entities to ETTS AI in exchange for a $2.3 million promissory note (the "Promissory Note"). The Promissory Note is non-interest bearing and payable in full in seven years, may be prepaid at any time, and repayment may be credited from time to time by purchase orders made under a supply and distribution agreement, dated February 1, 2026 (the "Supply and Distribution Agreement"), between the Company, GPM and ETTS AI.

Because the Promissory Note does not bear stated interest and was initially expected to be repaid through credits arising from purchase orders under the Supply and Distribution Agreement, the Company initially recorded the Promissory Note at its face amount. On June 30, 2026, the Company amended the Supply and Distribution Agreement with GPM and, as a result of the amended arrangement, determined that the Promissory Note was expected to be settled in cash within its original contractual term. Accordingly, the Promissory Note was discounted using an annual interest rate of 4.01% over its remaining contractual term of approximately 6.58 years, resulting in a carrying amount of approximately $1.69 million and a discount of approximately $0.5 million. The discount will be accreted to interest income over the remaining term of the Promissory Note using the effective interest method. For the three months ended September 30, 2026, the Company recognized $16,695 of discount accretion as interest income.

The Promissory Note is carried at amortized cost and is subject to the current expected credit loss model under ASC 326, Financial Instruments—Credit Losses. The Company evaluates the collectibility of the Promissory Note at each reporting date based on relevant available information, including the debtor's financial condition, payment history, expected future cash flows, the remaining contractual term of the Promissory Note, and current and reasonably supportable forecasts of economic conditions. As of September 30, 2026, management evaluated the expected credit losses associated with the Promissory Note and concluded that no allowance for credit losses was required based on its assessment of the debtor's ability and intent to repay the Promissory Note in accordance with its contractual terms.

As of September 30, 2026, the Promissory Note had a face amount of $2,189,153, an unamortized discount of $482,321, and a net carrying amount of $1,706,832.

As of June 30, 2026, the Promissory Note had a face amount of $2,189,153, an unamortized discount of $499,016, and a net carrying amount of $1,690,137.

Note 12 – Other Payables and Accrued Liabilities

As of September 30, 2026 and June 30, 2026, other payables and accrued liabilities consisted of the following:

	September 30, 2026	June 30, 2026
Accrued payables for inventory in transit	$ –	$ –
Credit cards payable	13,631	173,760
Customer deposits	646,628	630,386
Accrued Amazon fees	77,191	77,191
Sales taxes payable	636,104	637,308
Accrued payroll and related expenses	10,099	14,724
Other accrued liabilities and payables	55,462	52,648
Total	$ 1,439,115	$ 1,586,017

Note 13 – Loans Payable

Long-term Convertible Notes

On December 22, 2025, the Company entered into a securities purchase agreement (the "SPA") with an accredited investor (the "Investor") providing for a convertible note facility in the aggregate original principal amount of up to $30,000,000 (the "Convertible Note Facility"). At the initial closing on December 23, 2025, the Investor purchased (i) a Series A Senior Secured Convertible Promissory Note in the original principal amount of $5,184,024 (the "Series A Note"), issued in a private placement under Rule 506(b) of Regulation D, and (ii) a Series B Senior Secured Convertible Promissory Note in the original principal amount of $1,815,976 (the "Series B Note," together with the Series A Note, the "Convertible Notes"), issued in a registered direct offering pursuant to the Company's effective shelf registration statement on Form S-3. The total original principal amount of the Convertible Notes issued at the initial closing was $7,000,000.

The Notes were issued at a 6% original issue discount ("OID"), resulting in gross cash proceeds to the Company of $6,580,000. After deducting placement agent fees of $394,800 and legal and other transaction expenses of $150,000, the Company received net proceeds of $6,035,200.

The Convertible Notes bear interest at a rate of 10% per annum (increasing to 17% per annum upon the occurrence and during the continuance of an Event of Default), with interest payable monthly on the first Trading Day of each calendar month commencing January 1, 2026, in shares valued at the Alternate Conversion Price or, at the Company's election, in cash. The Convertible Notes mature on December 23, 2027.

The Convertible Notes are convertible into shares of Common Stock at a fixed Conversion Price of $1,274.40 per share, subject to adjustment. The holder may elect to convert at an Alternate Conversion Price equal to the lower of (i) the Conversion Price or (ii) the greater of the Floor Price or 95% of the lowest daily VWAP during the seven consecutive Trading Days preceding conversion. During an Event of Default, the Alternate Conversion Price becomes the lower of (i) the Conversion Price or (ii) the greater of the Floor Price or 90% of the lowest daily VWAP during the ten consecutive Trading Days preceding conversion. The Floor Price is $163.44 per share, subject to downward adjustment every six months to the lower of the then-current Floor Price or 20% of the trading price. On March 23, 2026, the Conversion Price automatically resets to $1,019.52 if then above such level. The holder is subject to a 4.99% Beneficial Ownership Cap on outstanding Common Stock, which may be increased to 9.99% upon 61 days' notice.

The Convertible Notes contain the following redemption features: (i) upon an Event of Default, the holder may require redemption at 115% of the outstanding Conversion Amount; (ii) upon a Change of Control, the holder may require redemption at 110% of the Conversion Amount; (iii) upon a subsequent equity financing, the holder may require redemption of up to 20% of net proceeds at 110%; (iv) upon certain asset sales (only if Crypto Collateral Value falls below 150% of outstanding principal), the holder may require redemption of up to 20% of net proceeds at 110%; and (v) the Company may optionally redeem at 110% of the Conversion Amount (or 115% during an Event of Default period). The Convertible Notes also contain a modified full-ratchet anti-dilution provision whereby if the Company issues shares below the then-effective Conversion Price (other than Excluded Securities), the Conversion Price is automatically reduced to 115% of the new issuance price.

The Convertible Notes are senior secured obligations of the Company, collateralized by all cryptocurrency digital assets of the Company and certain of its subsidiaries pursuant to a Security and Pledge Agreement. The Convertible Notes are guaranteed by all subsidiaries of the Company.

In connection with the issuance of the Convertible Notes, the Company entered into (i) a Security and Pledge Agreement, dated December 22, 2025, granting the Investor a first priority security interest in the cryptocurrency digital assets of the Company and its subsidiaries; (ii) a Guaranty, dated December 23, 2025, pursuant to which all subsidiaries of the Company jointly and severally guarantee the Company's obligations under the Convertible Notes; and (iii) a Registration Rights Agreement, dated December 23, 2025, requiring the Company to file a registration statement within 30 days of issuance to register the resale of Series A Conversion Shares and cause such registration statement to be declared effective within 60 days, with liquidated damages of 1.5% of the holder's original principal amount payable upon failure to meet these deadlines.

Pursuant to the SPA, on February 9, 2026, the Company delivered an Additional Mandatory Closing Notice (as defined in the Purchase Agreement) to the Investor and, on February 10, 2026, consummated the Additional Mandatory Closing in accordance with the Purchase Agreement, receiving $1,880,000 in exchange for issuing a $2,000,000 aggregate principal amount of the Additional Mandatory Series A Note to the Investor after satisfaction of all applicable closing conditions, including the effectiveness of the resale registration statement and the absence of any event of default.

On May 19, 2026, the Company consummated an Additional Optional Closing in accordance with the Purchase Agreement, receiving $2,820,000 in exchange for issuing a $3,000,000 aggregate principal amount of the Additional Optional Series A Note to the Investor after satisfaction of all applicable closing conditions, including the effectiveness of the resale registration statement and the absence of any event of default.

On July 6, 2026, the Company and the Investor entered into an amendment to the Purchase Agreement for purposes of (i) increasing funds available under the facility by an additional original principal amount of $2,000,000 and (ii) removing restrictions on the use of proceeds for any additional funds obtained through the facility.

On July 6, 2026 and September 15, 2026, the Company consummated Additional Optional Closings and received $4,700,000, excluding fees and expenses, in exchange for issuing a total of $5,000,000 aggregate principal amount of Series A Notes to the Investor after satisfaction of all applicable closing conditions, including the effectiveness of the resale registration statement and the absence of any event of default.

Accounting and Fair Value Measurement for Embedded Derivative Liability

The Company evaluated the embedded features within the convertible note in accordance with ASC Topic 480 and ASC Topic 815. The Company determined that the following embedded features constitute a compound derivative liability requiring bifurcation from the debt host: (i) the Conversion Option, which includes multiple pricing mechanisms (fixed conversion prices, Alternate Conversion Price based on 95% of lowest 7-day VWAP, Event of Default Conversion Price based on 90% of lowest 10-day VWAP, the Floor Price, the price resets, and anti-dilution adjustments); (ii) Interest Payment in Shares at the Alternate Conversion Price; and (iii) cash-settled put options arising from various redemption features (Event of Default at 115% premium, Change of Control at 110% premium, Subsequent Placement at 110% premium, and Asset Sale at 110% premium).

These features are not clearly and closely related to the debt host, meet the definition of a derivative, and do not qualify for the derivative accounting exemptions. Accordingly, the embedded features were bifurcated as a single compound derivative liability measured at fair value, with subsequent changes in fair value recognized in the consolidated statements of operations.

The initial fair value of the compound embedded derivative liability was determined using a Monte Carlo Simulation valuation model, considering various potential outcomes and scenarios. The model used the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 122% to 141%; (iii) risk-free interest rate of approximately 3.5% to 4.7%; (iv) term of 2.0 years; (v) fair value of the common shares of $1.93 to $10.46 (on pre-split basis) per share; and (vi) various probability assumptions.

At September 30, 2026, the Company remeasured the derivative liability using updated assumptions: (i) dividend yield of 0%; (ii) expected volatility of 126% to 135%; (iii) risk-free interest rate of approximately 4.9%; (iv) remaining term of 1.36 to 1.96 years; (v) fair value of the common shares of $1.16 per share (on pre-split basis); and (vi) various probability assumptions.

Subsequent changes in fair value are recognized in the statement of operations for each reporting period. The issuance costs for the Convertible Notes, along with the fair value of the bifurcated embedded derivative liability, were collectively treated as a debt discount. Upon initial recognition, the total debt discount was $6,363,267, consisting of the fair value of the bifurcated derivative liability of $3,813,100, the original issue discount of $1,020,000, and debt issuance costs of $1,530,167. The debt discount is being amortized to interest expense over the two-year term using the effective interest method at an effective rate of approximately 20.8% to 30.6%.

During the three months ended September 30, 2026, the holder converted Convertible Notes with an aggregate fair value of $3,455,600, including $3,162,159 of principal plus underlying interest, into 58,935 shares of Common Stock (on a post-reverse split basis). The conversions were effected at the Alternate Conversion Price on the respective conversion dates. The Company accounted for each conversion as a partial extinguishment of the debt host and related embedded derivative liability, resulting in a loss on extinguishment of $697,796, representing the excess of the fair value of shares issued over the carrying amounts derecognized.

As of September 30, 2026, the remaining outstanding principal balance of the Convertible Notes was $5,824,444 and an unamortized debt discount of $2,142,611, resulting in a net carrying amount of $3,681,833. Interest expense, including amortization of debt discount, recognized on the Convertible Notes during the three months ended September 30, 2026, was $270,585.

Long-term loan

Asset-based revolving loan

On November 12, 2021, the Company entered into a Credit Agreement with JPMorgan Chase Bank, N.A. ("JPMorgan"), as administrative agent, issuing bank and swingline lender, for an asset-based revolving loan ("ABL") of up to $25 million with key terms listed as follows:

- Borrowing base equal to the sum of
  - Up to 90% of eligible credit card receivables
  - Up to 85% of eligible trade accounts receivable
  - Up to the lesser of (i) 65% of cost of eligible inventory or (ii) 85% of net orderly liquidation value of eligible inventory
- Interest rates of between LIBOR plus 2% and LIBOR plus 2.25% depending on utilization
- Undrawn fee of between 0.25% and 0.375% depending on utilization
- Maturity Date of November 12, 2024

In addition, the ABL included an accordion feature that allows the Company to borrow up to an additional $25.0 million. To secure complete payment and performance of the secured obligations, the Company granted a security interest in all of its right, title and interest in, to and under all of the Company's assets as collateral to the ABL. Upon closing of the ABL, the Company paid $796,035 in financing fees including 2% of $25.0 million or $500,000 paid to its financial advisor. The financing fees are recorded as debt discount and are to be amortized over the three-year term of the ABL as interest expense.

Below is a summary of the interest expense recorded for the three months ended September 30, 2026 and 2025:

	2026	2025
Accrued interest	$ –	$ 51,596
Credit utilization fees	–	10,123
Amortization of debt discount	–	–
Total	$ –	$ 61,719

On February 16, 2022, in connection with the acquisition of Anivia Limited, the Company and JPM entered into an amendment to the Pledge and Security Agreement, pursuant to which the Company pledged 65% of its ownership interest in Anivia Limited and its subsidiaries.

On October 7, 2022, the Company entered into a second amendment to the credit agreement and consent (the "Second Amendment to the Credit Agreement"), originally dated November 12, 2021, as amended, with JPMorgan. The Company entered into the Second Amendment to the Credit Agreement primarily for the purpose of changing the interest rate repayment calculations from LIBOR to the Secured Overnight Financing Rate, or SOFR, which adjustment had originally been anticipated under the terms of the original Credit Agreement. In addition, two of the negative covenants set forth in the original Credit Agreement were amended in order to (i) adjust the definition of "Covenant Testing Trigger Period" to increase the required cash availability from $3,000,000 to $4,000,000, or 10% of the aggregate revolving commitment for the preceding 30 days, and (ii) require that the Company will not and will not permit any of its subsidiaries, after reasonable due diligence and due inquiry, to knowingly sell their products, inventory or services directly to any commercial businesses that grows or cultivates cannabis; it being acknowledged, however, that the Company does not generally conduct due diligence on its individual retail customers.

On November 8, 2024, the Company entered into a third amendment (the "Third Amendment") to that certain credit agreement, initially entered into by and among the Company and its subsidiaries and JPMorgan Chase Bank, N.A., as administrative agent for the Lender and a lender (the "Administrative Agent" or "Lender"), on November 12, 2021 (the "Credit Agreement"). The Third Amendment to the Credit Agreement amended, among other things, (i) the defined term "Aggregate Revolving Commitment" to mean $15,000,000, and (ii) extended the maturity date to "November 8, 2027 or any earlier date on which the Revolving Commitments are reduced to zero or otherwise terminated pursuant to the terms hereof." The borrowing rate is SOFR plus 2.25% to 2.50% depending on utilization of the borrowing availability.

On December 7, 2025, the Company repaid in full the outstanding amount resulting in the termination of the ABL.

As of September 30, 2026 and June 30, 2026, the outstanding amount of the ABL, which was classified as current revolving loan payable, including interest payable, was $0 and $0, respectively.

Short-term loan payable

On April 8, 2024, the Company entered into an agreement with an unrelated accredited investor (the "Investor") for an on-demand, unsecured and subordinated loan ("On-demand Loan 2"). Pursuant to the agreement, the Investor agreed to loan the Company the amount requested. The On-demand Loan 2 bears interest at the rate of the Secured Overnight Financing Rate, or SOFR, plus 1.5% per annum. The On-demand Loan 2 is due in 30 days upon receipt of the Investor's notice of repayment. For the three months ended September 30, 2026 and 2025, the Company recorded interest expense of $0 and $3,733, respectively. As of September 30, 2026 and June 30, 2026, the On-demand Loan 2 had been fully paid off.

On July 9, 2025, the Company borrowed $500,000 as a short-term loan ("RP Loan 2") from an entity owned by Mr. Allan Huang, one of the shareholders of the Company. The RP Loan 2 bears no interest and is due upon receipt of request of repayment. As of September 30, 2026 and June 30, 2026, The RP Loan 2 had been fully paid off.

On November 24, 2025, the Company issued three promissory notes totaling $2.0 million (the "Promissory Notes") in exchange for gross proceeds of $2.0 million. The Promissory Notes were entered into with certain investors and related parties, including an entity controlled by the Company's CEO, Chenlong Tan. The Promissory Notes bear 6.5% interest per annum and are repayable upon the earlier of 90 days or the Company's entry into new financing arrangements. The funds received in connection with the Company's issuance of the Promissory Notes was used to pay off the Company's existing ABL with JPMorgan Chase Bank, N.A. ("JPMorgan"). For three months ended September 30, 2026 and 2025, the Company did not recorded interest expense on this note, respectively. As of September 30, 2026 and June 30, 2026, the Promissory Notes had been fully paid off.

On November 28, 2025, the Company borrowed $50,000 from an entity controlled by the Company's CEO, Chenlong Tan, for short-term liquidity needs. The borrowing was non-interest-bearing and repayable on demand. As of September 30, 2026 and June 30, 2026, the borrowing had been fully repaid.

Note 14 - Related Party Transactions

On July 9, 2025, the Company borrowed $500,000 as a short-term loan from an entity owned by Mr. Allan Huang, one of the shareholders of the Company. See Note 13 above for details.

On November 24, 2025, the Company issued a Promissory Note in exchange for gross proceeds of $500,000 to an entity controlled by the Company's CEO, Chenlong Tan. See Note 13 above for details.

On November 28, 2025, the Company borrowed $50,000 from an entity controlled by the Company's CEO, Chenlong Tan, for short-term liquidity needs. See Note 13 above for details.

On June 3, 2025, the Company, Custom Cup Factory, Inc. ("CCF") and Ms. Yi Yang, our new director appointed on June 6, 2025, entered into the Limited Liability Company Operating Agreement (the "Operating Agreement") of United Package NV, LLC, a Nevada limited liability corporation (the "Joint Venture"). The Joint Venture will focus on the domestic production of packaging materials to serve the rapidly growing demands of U.S. businesses seeking reliable, sustainable, and cost-effective supply chain solutions without reliance on offshore manufacturing. See Note 3 above for details.

In addition, Ms. Yang's entity, Pacelor Inc. ("Pacelor"), manages a warehouse and provides fulfillment services for the Company and receives a monthly service fee, which fluctuates from month to month. Ms. Yang is the Founder and Chief Executive Officer of Pacelor. As a result, Pacelor has become a related party of the Company since June 6, 2025. For the three months ended September 30, 2026 and 2025, the Company received $251,948 and $435,155, respectively, in services from Pacelor. As of September 30, 2026 and June 30, 2026, the accounts payable to Pacelor was $163,462 and $240,425, respectively. Ms. Yang's other entity, Pacelor NV Inc. ("Pacelor NV") also provides marketing services for the Company. As of September 30, 2026 and June 30, 2026, the outstanding accounts payable to Pacelor NV was $0 and $415,489, respectively.

Note 15 – Income Taxes

In addition to corporate income taxes in the United States, upon completion of the acquisition of Anivia in February 2022, the Company is subject to corporate income taxes in People's Republic of China ("PRC"). Anivia and its subsidiaries are subject to BVI or Hong Kong income taxes but did not have any operations in those jurisdictions for the year ended June 30, 2022. The Company's subsidiary in China, Dayourenzai (Shenzhen) Technology Co., Ltd. ("WFOE"), is subject to the Global Intangible Low-Taxed Income (or GILTI) Tax. WFOE is subject to 5% tax rate in PRC until December 31, 2027. Since WFOE had losses during the three months ended September 30, 2026 and 2025, no GILTI tax was recorded as of September 30, 2026 and 2025. The Company is not eligible for the GILTI high-tax exclusion.

For the three months ended September 30, 2026 and 2025, the Company had income tax benefit of $355,442 and $673,061, respectively.

The Company is subject to U.S. federal income tax as well as state income tax in certain jurisdictions. The tax years 2023 to 2025 remain open to examination by the major taxing jurisdictions to which the Company is subject. The following is a reconciliation of income tax benefits at the effective rate to income tax at the calculated statutory rates:

	For the Three Months Ended September 30,			
	2026		2025	
	Amount	%	Amount	%
Statutory tax rate				
Federal	$ 657,942	21.00%	$ 304,047	21.00%
State (net of federal benefit)	168,245	5.37%	81,539	5.63%
Foreign tax	(129,537)	(4.13)%	(45,028)	(3.11)%
Reversal of over accrued income taxes of prior years for VIE	–	–	373,477	25.80%
Permanent differences	(231,533)	(7.39)%	–	–%
Others	(109,675)	(3.51)%	(40,974)	(2.83)%
Effective tax rate	$ 355,442	11.34%	$ 673,061	46.49%

As of September 30, 2026 and June 30, 2026, prepaid income taxes to US tax authorities was $90,501 and $99,954, respectively.

The tax effects of temporary differences which give rise to significant portions of the deferred taxes are summarized as follows:

	September 30, 2026	June 30, 2026
Deferred tax assets		
Inventory reserve	$ 10,872	$ 75,001
State taxes	4,911	3,797
Accrued expenses	21,736	21,745
ROU assets / liabilities	64,330	71,926
Net operating loss	5,014,947	4,627,370
Disallowed interest expense	422,375	403,565
Stock-based compensation	961,957	524,891
Unrealized gain/loss	–	230,654
Allowance for credit loss	720,131	720,427
Discount on note receivable	131,712	131,767
Total deferred tax assets	7,352,971	6,811,143
Deferred tax liabilities		
Depreciation	(24,426)	(29,280)
Intangible assets acquired	(590,091)	(632,907)
Unrealized gain	(210,220)	–
Total deferred tax liabilities	(824,737)	(662,187)
Net deferred tax assets	$ 6,528,234	$ 6,148,956

The Company assesses the realizability of deferred tax assets based on all available positive and negative evidence, including historical results of operations, projected future taxable income, reversal of existing temporary differences, and available tax planning strategies. Based on its assessment, the Company determined that it is more likely than not that the deferred tax assets will be realized and, accordingly, no valuation allowance was recorded as of September 30, 2026 and June 30, 2026.

Note 16 – Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the periods presented:

	Three Months Ended September 30,	
	2026	2025
Numerator:		
Net loss attributable to iPower Inc.	$ (2,776,616)	$ (533,648)
Denominator:		
Weighted-average shares used in computing basic and diluted earnings per share*	62,372	1,215
Losses per share of ordinary shares from continuing operations - basic and diluted	$ (44.52)	$ (637.68)
Losses per share of ordinary shares from discontinued operations - basic and diluted	–	198.47
Earnings (losses) per share of ordinary shares - basic and diluted	$ (44.52)	$ (439.21)

* Share and earnings per share numbers have been adjusted retroactively to reflect the reverse stock splits effected on October 27, 2025, May 22, 2026, August 7, 2026 and October 26, 2026, for all periods presented.

* Due to the anti-dilutive effect, the computation of basic and diluted EPS did not include the shares underlying the exercise of warrants, options, and unvested RSUs as the Company had a net loss for the three months ended September 30, 2026 and 2025.

* For the three months ended September 30, 2025, 5 vested but unissued shares of restricted stock units under the 2020 Equity Incentive Plan (as discussed in Note 17) are considered issued shares and therefore included in the computation of basic earnings (losses) per share when the shares are fully vested.

Note 17 – Equity

Common Stock

As of September 30, 2026, the total authorized shares of capital stock were 1,000,000,000 shares consisting of 980,000,000 shares of Common Stock ("Common Stock") and 20,000,000 shares of preferred stock (the "Preferred Stock"), each with a par value of $0.001 per share.

The holders of Common Stock shall be entitled to one vote per share in voting to the election of directors and all other corporate purposes. Subject to the express terms of any outstanding series of Preferred Stock, dividends may be paid in cash or otherwise with respect to the holders of Common Stock out of the assets of the Company legally available therefor, upon the terms, and subject to the limitations, as the Board of Directors of the Company (the "Board of Directors") may determine. In the event of liquidation or dissolution of the Company, subject to the express terms of any outstanding series of Preferred Stock, the holders of Common Stock shall be entitled to share in the distribution of any remaining assets available for distribution to the holders of Common Stock ratably in proportion to the total number of shares of Common Stock then issued and outstanding.

On October 27, 2025, May 22, 2026, August 7, 2026, and October 26, 2026 the Company effectuated the 1-for-30, 1-for-8, 1-for-9, and 1-for-12 Reverse Stock Splits, respectively. When the Reverse Stock Splits became effective, the Company's issued and outstanding Common Stock immediately prior to the Effective Time automatically reclassified into one (1) share of Common Stock, without any change in the par value per share. The Reverse Stock Splits did not change the total number of authorized shares of Common Stock or preferred stock. As a result, unless otherwise indicated, all references to common stock, restricted stock units, warrants and options to purchase common stock, share data, per-share data, and related information have been retroactively adjusted, where applicable in the consolidated financial statements and notes, to reflect the reverse stock splits of the Company's common stock as if the splits had occurred at the beginning of the earliest period presented.

On June 18, 2024, the Company closed on a registered direct offering (the "Registered Direct") of 81 shares of common stock (the "Shares") and a concurrent private placement ("Private Placement," and together with the Registered Direct, the "Offering") of warrants (the "Warrants") to purchase 81 shares of common stock (the "Warrant Shares"), which were sold for gross aggregate proceeds of $5,000,002. The Shares were sold pursuant to a prospectus supplement, filed on June 18, 2024, to the Registration Statement on Form S-3, originally filed on September 25, 2023, with the SEC (File No. 333-274665) and declared effective by the SEC on September 29, 2023. The Warrants, which were issued pursuant to an exemption from registration pursuant to Section 4(a)(2) or Regulation D on the Securities Act, have a term of five years and are immediately exercisable at $62,208.0 per share. The Shares and Warrants were sold to a purchaser pursuant to a securities purchase agreement, dated June 16, 2024, between the Company and the purchaser (the "Purchase Agreement"). Roth Capital Partners, LLC (the "Placement Agent") acted as placement agent, pursuant to a placement agency agreement between the Company and the Placement Agent dated June 16, 2024 (the "Placement Agency Agreement"). The Company paid the Placement Agent as compensation a cash fee equal to 6.5% of the gross proceeds of the Offering plus reimbursement of certain expenses and legal fees. The net proceeds of the Offering, after deducting $456,913, the Placement Agent's fees and expenses and other direct offering costs paid by the Company, was $4,543,089.

The Company calculated the fair value of the Warrants at $3.1 million, with a relative fair value of $1.7 million after allocation of the fair value of the Shares, using the Black-Scholes Model with the following variables:

- Stock Price - $2.00 (pre-reverse-split price; equivalent to $51,840.00 on a post-reverse-split basis)
- Exercise Price - $2.40 (pre-reverse-split price; equivalent to $62,208.00 on a post-reverse-split basis)
- Volatility – 104%
- Term –5 years
- Risk Free Rate of Return – 4.24%

Pursuant to the Warrant agreement, except for some fundamental transactions within the Company's control, in no event shall the Company be required to net cash settle the Warrants. The Company considered and followed the rules and guidelines under ASC 480-10 and ASC 815 and concluded that the Warrants should be classified and recorded as equity. Further, as the warrants were issued as part of the Offering, the relative fair value of the Warrants was included in the gross proceeds and recorded as additional paid-in capital. As of September 30, 2026 and June 30, 2026, none of the warrants had been exercised.

On June 18, 2024, in order to recoup the settlement payment made to Boustead Securities, LLC, the Company's Chief Executive Officer and co-founder, Chenlong Tan, along with co-founder Allan Huang, returned a total of 21 shares to the Company for cancellation (the "Share Cancellation"). The Share Cancellation was completed in June 2024 and the par value was reduced against additional paid-in capital.

On December 21, 2025, holders of a majority of the Company's outstanding voting power (53.1%) approved (1) the Convertible Note Facility, (2) the issuance of in excess of 20% of the Company's outstanding common stock at a price less than the "Minimum Price" under Nasdaq Listing Rule 5635(d), (3) an increase in authorized shares from 200,000,000 to 1,000,000,000, (4) authorization for the Board to approve one or more reverse stock splits in the range of 1-for-250 shares, and (5) authorization for the Board to adopt a mirror preferred stock.

During the three months ended September 30, 2026, the Company issued the following common stock of the Company:

- 22 shares for vested RSUs;
- 58,935 shares in connection with the conversion of $3,455,600 in aggregate fair value of convertible notes at a weighted-average conversion price of $58.63 per share;
- 32,260 shares for services to consultants; and
- 3 shares were issued as round-up shares in connection with the reverse stock split that became effective on August 7, 2026.

As of September 30, 2026 and June 30, 2026, there were 105,266 and 14,046 shares of common stock issued, respectively, and 105,153 and 13,933 shares of common stock issued and outstanding, respectively.

As of September 30, 2026 and June 30, 2026, the Company held 113 shares of common stock in treasury at an aggregate cost of $41,755. The treasury shares are presented as a reduction of stockholders' equity in the accompanying consolidated balance sheet.

Preferred Stock

The Preferred Stock was authorized as "blank check" series of Preferred Stock, providing that the Board of Directors is expressly authorized, subject to limitations prescribed by law, by resolution or resolutions and by filing a certificate pursuant to the applicable law of the State of Nevada, to provide, out of the authorized but unissued shares of Preferred Stock, for series of Preferred Stock, and to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. As of September 30, 2026 and June 30, 2026, there were no shares of Preferred Stock issued and outstanding.

Equity Incentive Plan

On May 5, 2021, the Company's Board of Directors adopted, and its stockholders approved and ratified, the iPower Inc. Amended and Restated 2020 Equity Incentive Plan (the "Plan"). The Plan allows for the issuance of up to 50,000,000 shares of Common Stock (52,277 shares on a post reverse split basis, taking into account the May 22, 2026, August 7, 2026, and October 26, 2026 reverse stock splits), whether in the form of stock options, restricted stock, restricted stock units, stock appreciation rights, performance units, performance shares and other stock or cash awards. The general purpose of the Plan is to provide an incentive to the Company's directors, officers, employees, consultants and advisors by enabling them to share in the future growth of the Company's business. On November 16, 2021 and December 6, 2022, the Company filed a registration statement on Form S-8 registering all shares issuable under the Plan, which was subsequently amended on December 6, 2022, September 15, 2023, November 22, 2023, April 17, 2026, and October 23, 2026.

Restricted Stock Units

On November 12, 2025, the Company granted $800,000 in RSUs as bonus to Chenlong Tan, the CEO of the Company. As a result, 94 RSUs, calculated based on the closing price, $8,510.64, on the grant date, were issued to Mr. Tan. The RSUs vested immediately but contained a deferred settlement provision. As a result, settlement of the vested RSUs shall occur on the earliest of the following Code Section 409A-permitted payment events: (1) change of control of the Company that qualifies as a "change in control event" as defined under Code Section 409A; (2) Reporting Person's separation from service (subject to any required delay under the Amended and Restated 2020 Equity Incentive Plan; (3) upon the Reporting Person's death or disability, or (4) in the event of an "unforeseeable financial emergency," as defined under Code Section 409A.

During the three months ended September 30, 2026 and 2025, the Company granted an additional 0 and 1,607 shares of RSUs, respectively.

For the three months ended September 30, 2026 and 2025, the Company recorded stock-based compensation expense of $10,000 and $10,000, respectively, related to the vesting of RSUs. As of September 30, 2026 and June 30, 2026, the unvested number of RSUs was 51 and 73 and the unamortized expense was $23,333 and $33,333, respectively.

Information relating to RSU grants is summarized as follows:

For three months ended September 30, 2026:

	Total RSUs Issued	Total Fair Market Value of RSUs Issued as Compensation (1)
RSUs granted, but not vested, at June 30, 2026	73	
RSUs granted	–	–
RSUs forfeited	–	–
RSUs vested	(22)	–
RSUs granted, but not vested, at September 30, 2026	51	–

(1) The total fair value was based on the current stock price on the grant date.

Stock Option

On May 12, 2022, the Compensation Committee of the Board of Directors approved an incentive plan for the Company's executive officers consisting of a cash performance bonus of $60,000 to be awarded to Kevin Vassily, CFO of the Company, and grants of stock option (the "Option Grants") exercisable to purchase (i) 116 shares of Common Stock to Chenlong Tan, CEO and (ii) 13 shares of Common Stock to Mr. Vassily. The Option Grants, which were issued on May 13, 2022, have an exercise price of $29,030.40, a contractual term of 10 years, and consist of six vesting tranches with a vesting schedule based entirely on the attainment of both operational milestones (performance conditions) and market conditions, assuming continued employment of the recipients through each vesting date. Each of the six vesting tranches of the Option Grants will vest when both (i) the market capitalization milestone for such tranche, which begins at $150 million for the first tranche and increases by increments of $50 million through the fourth tranche and $100 million thereafter (based on achieving such market capitalization for five consecutive trading days), has been achieved, and (ii) any one of the following six operational milestones focused on revenue or any one of the six operational milestones focused on operating income have been achieved during a given fiscal year.

The estimated achievement status of the operational milestones as of September 30, 2026 was as follows:

Revenue in Fiscal Year		Operating Income in Fiscal Year	
Milestone (in Millions)	**Achievement Status**	**Milestone (in Millions)**	**Achievement Status**
$ 90	Not probable	$ 6	Not probable
$ 100	Not probable	$ 8	Not probable
$ 125	Not probable	$ 10	Not probable
$ 150	Not probable	$ 12	–
$ 200	–	$ 16	–
$ 250	–	$ 20	–

The Company evaluated the performance condition and market condition under ASC 718-10-20. The Option Grants are considered an award containing a performance and a market condition and both conditions (in this case at least one of the performance conditions) must be satisfied for the award to vest. The market condition is incorporated into the fair value of the award, and compensation cost is recognized over the requisite service period, which is based on the implied service period derived from valuation model and one of the performance conditions probable achievement. If the performance condition is ultimately not met, compensation cost related to the award should not be recognized (or should be reversed to the extent any expense has been recognized related to such tranche) because the vesting condition in the award would not have been satisfied.

On the grant date, a Monte Carlo simulation was used to determine for each tranche (i) a fixed amount of expense for such tranche and (ii) the future time when the market capitalization milestone for such tranche was expected to be achieved. Separately, based on a subjective assessment of our future financial performance, each quarter we determine whether it is probable that the Company will achieve each operational milestone that has not previously been achieved or deemed probable of achievement and, if so, the future time when the Company expects to achieve that operational milestone. The Monte Carlo simulation utilized the following inputs:

- Stock Price - $1.12 (pre-reverse-split price; equivalent to $29,030.40 on a post-reverse-split basis)
- Volatility – 95.65%
- Term –10 years
- Risk Free Rate of Return – 2.93%
- Dividend Yield – 0%

The total fair value of the Option Grants was $3.2 million. During the year ended June 30, 2026, the Company reassessed the expected timing of meeting the performance conditions and concluded that none of the milestones was deemed probable of vesting. According to ASC 718-10-55-78, since the number of awards expected to vest and the fair value had changed with the new estimate, the adjustment affected the recognition value and years to vest. Therefore, the Company had reversed $594,415 of the expenses recorded for non-vesting tranches and applied the prospective approach to record adjustment on tranches expected to be vested in future periods. As of September 30, 2026, none of the options had vested. For the three months ended September 30, 2026 and 2025, the Company recorded $0 and $40,691, respectively, of stock-based compensation expense related to the Option Grants. As of September 30, 2026 and June 30, 2026, unrecognized compensation cost related to tranches probable of vesting was $0.

On August 29, 2024, the board of directors (the "Board") of the Company, based on the recommendation of the compensation committee of the Board, approved a grant of 47 stock options (the "2024 Stock Options") issuable to Chenlong Tan, the Company's Chief Executive Officer, pursuant to the terms of the iPower Inc. Amended and Restated 2020 Equity Incentive Plan (the "2020 Equity Incentive Plan"). Following the Board's approval, Mr. Tan and the Company entered into a stock option award agreement (the "Stock Option Award Agreement").

According to the Stock Option Award Agreement, and subject to the terms and conditions of the Stock Option Award Agreement and the Plan, upon vesting of the 2024 Stock Options, Mr. Tan will have the option to purchase the Company's Common Stock at an exercise price of $37,065.6 per share (which is 110% of the Fair Market Value of the stock on the grant date). The 2024 Stock Options have a term of 10 years and will vest as follows: approximately 1 share vested on the grant date (August 29, 2024), and approximately 1 share will vest on the first day of each month from September 1, 2024, to August 1, 2027.

On the grant date, a Black-Scholes Model was used to determine the fair value of the 2024 Stock Options with the following inputs:

- Stock Price - $1.30 (pre-reverse-split price; equivalent to $33,696.0 on a post-reverse-split basis)
- Exercise Price - $1.43 (pre-reverse-split price; equivalent to $37,065.6 on a post-reverse-split basis)
- Volatility – 101%
- Expected Term –5.71 years
- Risk Free Rate of Return – 3.66%
- Dividend Yield – 0%

The total fair value of the 2024 Stock Options was $1.22 million as of the grant date. For the three months ended September 30, 2026 and 2025, approximately 4 and 4 stock options, respectively, were vested and the Company recorded $99,512 and $99,512 as stock compensation expense, respectively. As of September 30, 2026, the unrecognized compensation cost of the 2024 Stock Options was approximately $0.36 million and will be recognized monthly through August 1, 2027.

Note 18 - Concentration of Risk

Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, digital assets, and accounts receivable.

As of September 30, 2026 and June 30, 2026, $1,590,670 and $478,042, respectively, were deposited with various financial institutions and financial services companies in the United States and PRC. Accounts at each institution in the United States are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. The Company had approximately $1.29 million and $0.05 million, respectively, in excess of the FDIC insurance limit, as of September 30, 2026 and June 30, 2026.

As of September 30, 2026 and June 30, 2026, the Company had approximately $4.82 million and $3.25 million of restricted cash and $1.26 million and $2.36 million of digital assets, respectively, held with a single custodian, BitGo Trust Company. These assets are not insured by the FDIC or the Securities Investor Protection Corporation (“SIPC”) and are subject to the control of the Collateral Agent pursuant to the Company’s financing arrangements. Accordingly, the Company is exposed to concentration and custodial risk associated with these assets.

Accounts receivable are typically unsecured and derived from revenue earned from customers, thereby exposing the Company to credit risk. The risk is mitigated by the Company’s assessment of its customers’ creditworthiness and its ongoing monitoring of outstanding balances. The Company maintains an allowance for estimated credit losses based on its assessment of collectibility.

Customer and vendor concentration risk

For three months ended September 30, 2026 and 2025, Amazon Vendor and Amazon Seller customers accounted for 0% and 70% of the Company’s total revenues, respectively. For the three months ended September 30, 2026, GPM accounted for approximately 100% of the Company’s total revenues. As of September 30, 2026 and June 30, 2026, accounts receivable from Amazon Vendor and Amazon Seller accounted for 59% and 62% of the Company’s total accounts receivable. As of September 30, 2026, accounts receivable from GPM accounted for approximately 35.8% of the Company’s total accounts receivable.

For the three months ended September 30, 2026 and 2025, one supplier accounted for 29% and 66%, respectively, of the Company’s total purchases. As of September 30, 2026, accounts payable to two suppliers accounted for 35.3% and 19.2%, respectively, of the Company’s total accounts payable. As of June 30, 2026, accounts payable to three suppliers accounted for 26.3%, 16.5%, and 12.5%, respectively, of the Company’s total accounts payable.

Note 19 - Leases

On July 28, 2021, the Company entered into a Lease agreement (the "Lease Agreement") with 9th & Vineyard, LLC, a Delaware limited liability company (the "Landlord"), to lease from the Landlord approximately 99,347 square feet of space located at 8798 9th Street, Rancho Cucamonga, California (the "Premises"). The term of the Lease Agreement is for 62 months, commencing on the date on which the Landlord completes certain prescribed improvements on the property (the "Rent Commencement Date"). The Lease Agreement does not provide for an option to renew. Under the Lease Agreement, the Company is responsible for its pro rata share of certain costs, including utility costs, insurance and common area costs, as further detailed in the Lease Agreement. In addition, following the Rent Commencement Date, the first two months of the Base Rent were abated.

The lease did not start under the original agreement as the construction was not completed. On February 23, 2022, the Company entered into an amended agreement to extend the lease term to 74 months. Under the amended agreement, the lease commenced on February 10, 2022, with rent payments commencing May 11, 2022 and the lease expiring on May 31, 2028. The base rental fee is $114,249, increasing gradually over time to $140,079 per month through the expiration date of May 31, 2028. On April 13, 2026, we entered into a sublease agreement (the "Sublease Agreement") to sublease part of the warehouse for a term of 25 months, commencing May 1, 2026 and ending May 31, 2028. Pursuant to the Sublease Agreement, the sublessee will pay Base Rent of $62,500 to $112,710, calculated based on space used, to the Company monthly. For the three months ended September 30, 2026, the Company recognized $313,067 of sublease income in other income.

On May 1, 2022, the Company leased another fulfillment center in Duarte, California. The base rental fee is $56,000 to $59,410 per month through April 30, 2025. The lease had been expired without renewal since May 1, 2025.

	For the Three Months Ended September 30,	
	2026	2025
Lease cost		
Operating lease cost (included in G&A in the Company's statement of operations)	$ 361,746	$ 361,746
Short-term lease expenses	–	9,781
Other information		
Cash paid for amounts included in the measurement of lease liabilities	$ 390,434	$ 378,512
Remaining term in years	1.67	2.67
Average discount rate - operating leases	5%	5%

The supplemental balance sheet information related to leases for the years is as follows:

Operating leases	September 30, 2026	June 30, 2026
Right of use asset	$ 2,312,191	$ 2,641,366
Lease Liabilities – current	1,516,388	1,483,163
Lease Liabilities - non-current	1,039,718	1,430,806
Total operating lease liabilities	$ 2,556,106	$ 2,913,969

Maturities of the Company's lease liabilities are as follows:

	Operating Lease
For Year ending June 30:	
2027	1,196,139
2028	1,459,407
Less: Imputed interest/present value discount	(99,440)
Present value of lease liabilities	$ 2,556,106

Note 20 - Commitments and Contingencies

The Company is not currently a party to any material legal proceedings, investigation or claims. As the Company may, from time to time, be involved in legal matters arising in the ordinary course of its business, there can be no assurance that such matters will not arise in the future or that any such matters in which the Company is involved, or which may arise in the ordinary course of the Company's business, will not at some point proceed to litigation or that such litigation will not have a material adverse effect on the business, financial condition or results of operations of the Company.

In connection with the issuance of the Convertible Notes, the Company entered into a Registration Rights Agreement with the investors. Pursuant to the agreement, the Company is required to file and maintain the effectiveness of a registration statement covering the resale of certain shares of common stock issuable under the financing. The agreement provides for liquidated damages upon the occurrence of certain registration-related events, generally at a rate of 1.5% of the applicable principal amount, subject to the terms and limitations set forth in the agreement. In addition, the Convertible Notes contain certain redemption provisions, including redemption premiums, and the related financing documents provide for a 6% placement-agent commission on future closings.

On April 13, 2020, the Company entered into an agreement with Royal Business Bank (the "Lender") for a total amount of $175,500, pursuant to a promissory note issued by the Company to the Lender (the "PPP Note"). The loan was made pursuant to the Payroll Protection Program established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). On March 22, 2021, the $175,500 PPP Note due to Royal Business Bank was fully forgiven by the Small Business Administration ("SBA").

The Company is required to retain PPP loan documentation through March 2027 and permit authorized representatives of the SBA to access such files upon request. Should the SBA conduct such a review and reject all or some of the Company's judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Company may be required to adjust previously reported amounts and disclosures in the consolidated financial statements.

Note 21 - Subsequent Events

On October 26, 2026, the Company effectuated a 1-for-12 Reverse Stock Split, for which every twelve (12) shares of the Company's issued and outstanding Common Stock immediately prior to the effective date were automatically reclassified into one (1) share of Common Stock, without any change in the par value per share. The Reverse Stock Split reduced the number of shares of Common Stock issuable upon the exercise or vesting of the Company's outstanding stock options and warrants in proportion to the ratio of the Reverse Stock Split, causing a proportionate increase in the exercise prices of such stock options and warrants. Restricted stock units and other equity incentive plan grants were also adjusted to reflect the reduced number of underlying shares. The Reverse Stock Split did not change the Company's total number of authorized shares of Common Stock or preferred stock.

During the period from October 1, 2026 to the date of this report, the Company issued total of 135,456 shares of common stock to consultants for services and 561,575 shares upon conversion of the convertible notes.

On November 16, 2026, following the Investor's notification to the Company of its intent to execute an Additional Optional Closing for $ 2,000,000 in aggregate principal amount of Series A Notes, the Company and the Investor consummated an Additional Optional Closing. At the Additional Optional Closing, the Company received $1,880,000, excluding fees and expenses, in exchange for issuing a $2,000,000 aggregate principal amount of Series A Notes to the Investor after satisfaction of all applicable closing conditions, including the absence of any Event of Default (as such term is defined in the Form of Series A Senior Secured Convertible Note, filed herewith as Exhibit 10.1). The Series A Note issued at the Additional Optional Closing was issued pursuant to an exemption from registration in accordance with Regulation D of the Securities Act and has a fixed conversion price of $1.488 (120% of the Nasdaq closing price of the Company's common stock on November 13, 2026). The Series A Note also has a floor price equal to 20% of the Nasdaq Minimum Price of the Company's common stock as of November 13, 2026.

Pursuant to the Purchase Agreement, the consideration was paid at $940 for each $1,000 of principal amount, and the Company received gross proceeds of approximately $1,880,000 at this closing, before deducting fees and expenses, including $112,800 fee payable to Digital Offering, who acted as placement agent in the transaction. After deducting the placement agent fee and other transaction fees and expenses, the Company received net proceeds of approximately $1,660,200.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A") should be read in conjunction with our unaudited financial statements and the related notes thereto included elsewhere herein. This MD&A contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations, and intentions. Any statements that are not statements of historical fact are forward-looking statements. When used, the words "believe," "plan," "intend," "anticipate," "target," "estimate," "expect," and the like, and/or future-tense or conditional constructions ("will," "may," "could," "should," etc.), or similar expressions, identify certain of these forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements in this report. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors.

Historical results may not indicate future performance. Our forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. We undertake no obligation to publicly update or revise any forward-looking statements, including any changes that might result from any facts, events, or circumstances after the date hereof that may bear upon forward-looking statements. Furthermore, we cannot guarantee future results, events, levels of activity, performance, or achievements.

Overview

iPower is a technology- and data-driven infrastructure company with a foundation in supply chain services, real-world commerce, and partner-based logistics and fulfillment capabilities. The Company leverages its internal software, data, and operational experience, together with a network of procurement, logistics, fulfillment, warehousing, and commerce partners, to support supply chain services, commerce infrastructure, and related business opportunities.

Building on our supply chain, software and operating foundation, iPower is pursuing AI infrastructure acquisition, financing, equipment leasing and related opportunities as a current strategic focus. The Company also maintains a limited DAT position that we began implementing through digital asset purchases beginning in December 2025. Management is currently reducing certain digital asset exposure and prioritizing direct AI infrastructure and related operating opportunities, subject to the restrictions applicable to assets held in the Company's controlled collateral account.

Digital Asset Treasury and Capital Allocation Strategy

iPower adopted an initial Digital Asset Treasury strategy in June 2025 and began implementing the DAT strategy through purchases beginning in December 2025. The DAT strategy was initially intended to provide limited balance-sheet exposure to potential appreciation in digital assets and to diversify a portion of our treasury assets. This overall strategy serves to govern our corporate treasury and capital-allocation activity. The strategy, which is overseen by Company management within board-approved policies, is intended to be flexible while helping us manage our capital allocation. Our purpose is not to operate a digital asset investment fund, exchange, broker-dealer, investment advisory business or customer custody business. We do not presently engage an external investment manager to oversee or advise on our investments. Our DAT assets are held with BitGo Trust Company, Inc., a South Dakota chartered trust company, which is a full service digital asset infrastructure company.

In December 2025, we acquired approximately 15.1 Bitcoin for approximately $1.325 million and approximately 301.1 Ethereum for approximately $0.884 million. In June 2026, we acquired approximately $1.0 million of USDai and subsequently converted or staked the USDai into sUSDai, a yield-bearing vault/share token associated with the USD.AI protocol, in order to obtain exposure to potential returns associated with AI infrastructure financing. We sold all sUSDai for approximately $1,001,510 and all Ethereum for approximately $564,261 on August 14, 2026.

Recent Developments

As previously reported, on December 22, 2025, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with a certain institutional investor (the "Investor") providing for the purchase by the Investor of a 6% original issue discount (OID) convertible note facility in the aggregate original principal amount of $30,000,000 (the "Convertible Note Facility"), in which the Investor initially purchased (i) a series A senior secured convertible note in the aggregate original principal amount of $5,184,024 (the "Series A Convertible Note"), and shares of the Company's common stock, issuable pursuant to the terms of the Series A Convertible Notes (the "Series A Conversion Shares") in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506(b) of Regulation D as promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Act, and (ii) $1,815,976 aggregate principal amount of a series B senior secured convertible note (the "Series B Convertible Notes," together with the Series A Convertible Notes, the "Convertible Notes"), and shares of the Company's common stock issuable pursuant to the terms of the Series B Convertible Notes (the "Series B Conversion Shares") in a registered direct offering pursuant to a currently effective shelf registration statement on Form S-3 (File No. 333-274665), which has been declared effective by the SEC on September 29, 2023.

On July 6, 2026 and September 15, 2026, the Company and Investor consummated Additional Optional Closings under the Company's Securities Purchase Agreement dated December 22, 2025. At the Additional Optional Closings, the Company received $4,700,000, excluding fees and expenses, in exchange for issuing a total of $5,000,000 aggregate principal amount of Series A Convertible Notes to the Investor after satisfaction of all applicable closing conditions, including the effectiveness of the resale registration statement and the absence of any Event of Default. The Series A Convertible Notes issued at the Additional Optional Closings were issued pursuant to an exemption from registration in accordance with Regulation D of the Securities Act.

To date, in addition to the Series B convertible note sold in December 2025, the Company has sold a total of $15,184,024 in Series A Convertible Notes, with an additional $15,000,000 in Series A Convertible Notes remaining available for issuance under the Convertible Note Facility. Digital Offering LLC has acted as placement agent and receives a 6% cash commission for each closing consummated under the Convertible Note Facility. As of November 16, 2026, the Investor has converted a total of $12,216,848 of the Series A Notes, resulting in the conversion of a total of 632,383 shares at an average conversion price per share of $19.32 on a post-reverse stock split basis (accounting for a 1-for-8 reverse stock split effectuated May 22, 2026, a 1-for-9 reverse stock split effectuated August 7, 2026, and a 1-for-12 reverse stock split effectuated October 26, 2026).

Pursuant to the Purchase Agreement and the Series A Convertible Notes, certain subsidiaries of the Company are required to enter into a guaranty in favor of the Investor. One such subsidiary, iPower Smart LLC, entered into a guaranty in favor of the Investor dated December 23, 2025 (the "Guaranty"). In connection with the Company's recent formation of iPower AI LLC, the Company has joined iPower AI LLC to the Guaranty pursuant to a Joinder to Guaranty dated July 21, 2026.

On July 15, 2026, the Company formed two wholly-owned subsidiaries: IPW Commerce LLC, a Delaware limited liability company, and iPower AI LLC, a Delaware limited liability company (collectively, the "Subsidiaries"). The Subsidiaries were formed to separate the Company's e-commerce and artificial intelligence operations from the remainder of the Company's business, and the formation of the Subsidiaries did not result in any change to the Company's management or capital structure.

Effective August 7, 2026, the Company implemented a 1-for-9 reverse split of its common stock, under which every nine issued and outstanding pre-split shares were automatically reclassified into one post-split share with no change in par value, resulting in a proportionate adjustment to outstanding equity awards, warrants and exercise prices.

Effective October 26, 2026, the Company implemented a 1-for-12 reverse stock split of its issued and outstanding common stock, under which every 12 issued and outstanding pre-split shares were automatically reclassified into one post-split share with no change in par value, resulting in a proportionate adjustment to outstanding equity awards, warrants and exercise prices. Prior to the rverse split, there were a total of 6,394,248 shares of common stock outstanding. Immediately following the reverse split, there were be a total of approximately 532,854 shares of common stock outstanding.

RESULTS OF OPERATIONS

For the three months ended September 30, 2026 and 2025

The following table presents certain unaudited condensed consolidated statement of operations information and presentation of that data as a percentage of change from period to period.

	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Variance
Revenues - product sales	$ 2,794,950	7,081,449	(60.5%)
Revenues - service income	–	1,532,806	(100.0%)
	2,794,950	8,614,255	(67.6%)
Cost of revenues - product costs	2,491,215	4,145,211	(39.9%)
Cost of revenues - service costs	–	1,332,681	(100.0%)
	2,491,215	5,477,892	(54.5%)
Gross profit	303,735	3,136,363	(90.3%)
Operating expenses	3,509,315	5,282,154	(33.6%)
Operating loss	(3,205,580)	(2,145,791)	49.4%
Other income	72,522	697,947	(89.6%)
Loss before income taxes	(3,133,058)	(1,447,844)	116.4%
Income tax (benefit) expense	(355,442)	(673,061)	(47.2%)
Net loss from continuing operations	(2,777,616)	(774,783)	258.5%
Discontinued operations, net of tax	–	241,135	(100.0%)
Net loss	(2,777,616)	(533,648)	420.5%
Non-controlling interest	(1,000)	–	–
Net loss attributable to iPower Inc.	(2,776,616)	(533,648)	420.3%
Other comprehensive income	–	24,943	(100.0%)
Comprehensive loss attributable to iPower Inc.	$ (2,776,616)	(508,705)	445.8%
Gross profit % of revenues - product sales	10.9%	41.5%	
Gross profit % of revenues - service income	–	13.1%	
Operating loss % of revenues	(114.7%)	(24.9%)	
Net income (loss) % of revenues	(99.3%)	(6.2%)	

Revenues

Revenues for the three months ended September 30, 2026 decreased 60.5% to $2,794,950 as compared to $7,081,449 for the three months ended September 30, 2025. The decrease was mainly due to the sale of the Company's subsidiaries on February 1, 2026.

Costs of Revenues

Costs of revenues for the three months ended September 30, 2026 decreased 54.5% to $2,491,215 as compared to $5,477,892 for the three months ended September 30, 2025. The decrease was primarily due to decreased sales as a result of the Company's sale of its subsidiaries on February 1, 2026, as discussed above.

Gross Profit

Gross profit was $303,735 for the three months ended September 30, 2026 as compared to $3,136,363 for the three months ended September 30, 2025. While the gross profit ratio of the product sales revenues decreased to 10.9% for the three months ended September 30, 2026 from 41.5% for the three months ended September 30, 2025, the overall gross profit ratio of the total sales revenues for the three months ended September 30, 2026 and 2025 was 10.9% and 36.4%, respectively. The decrease in the gross profit ratio of the product sales revenues was due to the changes in the Company's business strategy resulting from the sale of the Company's subsidiaries, as discussed above.

Operating Expenses

Operating expenses for the three months ended September 30, 2026 decreased 33.6% to $3,509,315 as compared to $5,282,154 for the three months ended September 30, 2025. The decrease was mainly due to the changes in the Company's business strategy resulting from the sale of the Company's subsidiaries, as discussed above, partially offset by increased stock compensation expenses.

Loss from Operations

Loss from operations was $3,205,580 for the three months ended September 30, 2026 as compared to $2,145,791 of loss from operations for the three months ended September 30, 2025. The increase in loss was primary due to the changes in the Company's business strategy resulting from the sale of the Company's subsidiaries, as discussed above.

Other Income, net

Other income, net consists of interest expense and other non-operating income (expense). Other income for the three months ended September 30, 2026 was $72,522 as compared to $697,947 for the three months ended September 30, 2025. The decrease in other income was mainly due to the increase in interest expenses, loss on extinguishment of debt resulting from conversion of convertible note payable, partially offset by gain on digital assets and change in fair value of derivative liability during the quarter ended September 30, 2026.

Net Loss Attributable to iPower Inc.

Net loss attributable to iPower Inc. for the three months ended September 30, 2026 was $2,776,616 as compared to $533,648 for the three months ended September 30, 2025, representing an increase in net loss of $2,242,968, which was primarily due to the combination of the increase in operating loss and decrease in other income, as discussed above.

Comprehensive Loss Attributable to iPower Inc.

Comprehensive loss attributable to iPower Inc. for the three months ended September 30, 2026 was $2,776,616 as compared to $508,705 for the three months ended September 30, 2025, representing an increase in comprehensive loss of $2,267,911. The increase was primarily due to the combination of the increase in operating loss and decrease in other income, along with a decrease in other comprehensive income of $24,943 due to elimination of foreign subsidiaries resulting from the sale of the Company's subsidiaries, as discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

During the three months ended September 30, 2026, we primarily funded our operations with cash and cash equivalents generated from operations, as well as through the convertible note facility established in December 2025. We had cash and cash equivalents of $1,590,670 as of September 30, 2026, representing a $1,112,628 increase from $478,042 in cash as of June 30, 2026. The cash increase was primarily due to the combined result of cash used in operating activities, cash provided by investing activities, and financing activities resulting from our sale of digital assets and proceeds from convertible notes.

In assessing our liquidity requirements for the 12 months following the issuance of these unaudited consolidated financial statements, management considered the Company's expected cash flows from operations, available financing sources, and significant contractual obligations. The Company has approximately $15 million of remaining optional financing capacity under its existing financing arrangement, subject to the investors' election and the satisfaction or waiver of applicable closing conditions. The Company's significant cash requirements include approximately $3.0 million of convertible notes outstanding, which do not mature until July 2028 through September 2028, although the notes require monthly interest payments and may be converted into common stock in accordance with their terms, and approximately $0.6 million of net lease payments expected during fiscal 2027. Although the Company incurred a net loss of approximately $2.8 million and negative operating cash flows during the three months ended September 30, 2026, management expects its future cash requirements to be reduced as a result of the cost reductions and other completed restructuring actions.

Based on the Company's current operating plans, cash and cash equivalents, expected cash flows from operations, financing proceeds, and expected cash requirements, management believes that the Company will have sufficient liquidity to meet its obligations and fund its operations for at least the next 12 months. However, the Company's liquidity and ability to meet its obligations and fund its capital requirements are dependent on its future financial performance, which is subject to general economic, financial and other factors beyond its control, including inflation and a potential recession. The Company's anticipated funding requirements could increase as a result of such factors. See "*Item 1A - Risk Factors*" in our Annual Report on Form 10-K filed with the SEC on October 2, 2026.

Given our current working capital position, we believe we will be able to manage through the current challenges by managing payment terms with customers and vendors.

Working Capital

As of September 30, 2026 and June 30, 2026, our working capital was $7.8 million and $3.4 million, respectively. The historical seasonality in our business during the year can cause cash and cash equivalents, inventory and accounts payable to fluctuate, resulting in changes in our working capital. We anticipate that past historical trends to remain in place through the balance of the fiscal year with working capital remaining near this level for the foreseeable future.

Cash Flows

Operating Activities

Our largest source of cash provided by operations is from the sale of products. Our primary uses of cash from operating activities include payments to suppliers for products, payments to employees for compensation, and other general expenses. Net cash (used in) provided by operating activities for the three months ended September 30, 2026 and 2025 was $(2,449,244) and $1,686,463, respectively. The increase in cash used in operating activities mainly resulted from a combination of the increase in non-cash adjustments to net loss and cash paid for cost of revenues and operating expenses, which was partially offset by an increase in cash received from customers.

Investing Activities

For the three months ended September 30, 2026 and 2025, net cash provided by (used in) investing activities was $934,643 and $(1,037,272), respectively. The increase was mainly due to proceeds from the sale of digital assets and prepayments made for software developments during the quarter ended September 30, 2026.

Financing Activities

Net cash provided by provided by (used in) financing activities was $4,193,000 and $(1,778,026), respectively, for the three months ended September 30, 2026 and 2025. The increase in net cash provided by financing activities was primarily due to proceeds obtained from the issuance of Convertible Notes under the Company’s Convertible Note Facility.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements (as that term is defined in Item 303 of Regulation S-K) that are reasonably likely to have a current or future material effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States, or GAAP and pursuant to the rules and regulations of the SEC. The preparation of unaudited consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. In some cases, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ materially from our estimates. To the extent that there are material differences between these estimates and actual results, our financial condition and results of operations will be affected. We base our estimates on experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. We refer to accounting estimates of this type as critical accounting policies, which we discuss further below. While our significant accounting policies are more fully described in Note 2 to our unaudited consolidated financial statements, we believe that the following accounting policies are critical to the process of making significant judgments and estimates in the preparation of our audited consolidated financial statements.

Revenue recognition

The Company recognizes revenue from service and product sales revenues, net of promotional discounts and return allowances, when the following revenue recognition criteria are met: a contract has been identified, separate performance obligations are identified, the transaction price is determined, the transaction price is allocated to separate performance obligations and revenue is recognized upon satisfying each performance obligation. The Company transfers the risk of loss or damage upon shipment or completion of service, therefore, revenue from product sales is recognized when it is shipped to the customer and the revenue from services is recognized upon completion of services. Return allowances, which reduce product revenue by the Company's best estimate of expected product returns, are estimated using historical experience.

The Company evaluates the criteria of ASC 606 - Revenue Recognition Principal Agent Considerations in determining whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions. Generally, when the Company is primarily responsible for fulfilling the promise to provide a specified good or service and the Company has discretion in establishing the price, revenue is recorded at gross.

Payments received prior to the delivery of goods to customers are recorded as customer deposits.

The Company periodically provides incentive offers to its customers to encourage purchases. Such offers include current discount offers, such as percentage discounts off current purchases and other similar offers. Current discount offers, when accepted by the Company's customers, are treated as a reduction to the purchase price of the related transaction.

Sales discounts are recorded in the period in which the related sale is recognized. Sales return allowances are estimated based on historical amounts and are recorded upon recognizing the related sales. Shipping and handling costs are recorded as selling expenses.

Accounts receivable

During the ordinary course of business, the Company extends unsecured credit to its customers. Accounts receivable are stated at the amount the Company expects to collect from customers. Management reviews its accounts receivable balances each reporting period to determine if an allowance for credit losses is required.

The Company evaluates the creditworthiness of all of its customers individually before accepting them and continuously monitors the recoverability of accounts receivable. If there are any indicators that a customer may not make payment, the Company may consider making provision for non-collectability for that particular customer. At the same time, the Company may cease further sales or services to such customer. The following are some of the factors that the Company develops allowance for credit losses:

- the customer fails to comply with its payment schedule;
- the customer is in serious financial difficulty;
- a significant dispute with the customer has occurred regarding job progress or other matters;
- the customer breaches any of its contractual obligations;
- the customer appears to be financially distressed due to economic or legal factors;
- the business between the customer and the Company is not active; and
- other objective evidence indicates non-collectability of the accounts receivable.

Accounts receivable are recognized and carried at carrying amount less an allowance for credit losses, if any. The Company maintains an allowance for credit losses resulting from the inability of its customers to make required payments based on contractual terms. The Company reviews the collectability of its receivables on a regular and ongoing basis. The Company has also included in calculation of allowance for credit losses the potential impact of the overall economic conditions on our customers' industry and businesses and their ability to pay our accounts receivable. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The Company also considers external factors to the specific customer, including current conditions and forecasts of economic conditions, including the potential impact of the recent tariff policy. In the event we recover amounts previously written off, we will reduce the specific allowance for credit losses.

Digital Assets

The Company accounts for its digital assets, which, as of the date of this report, are comprised of Bitcoin ("BTC") only, as indefinite-lived intangible assets in accordance with Accounting Standards Codification ("ASC") Topic 350-60, "Intangibles—Goodwill and Other—Crypto Assets." The Company has ownership of and control over its digital assets and may use third-party custodial services to secure it. The Company's digital assets are initially recorded at cost and are subsequently remeasured on the balance sheet at fair value.

The Company determines the fair value of its digital assets on a recurring basis in accordance with ASC Topic 820, "Fair Value Measurement," based on quoted prices on the active exchange that the Company has determined is its principal market for such digital assets (Level 1 inputs). The Company determines the cost basis of digital assets using the specific identification of each unit received. Realized and unrealized gains and losses from changes in the fair value of digital assets are recognized in the statement of operations.

Embedded derivative liability

The Company evaluates the embedded features of its financial instruments, including its convertible notes payable in accordance with ASC Topic 480, "*Distinguishing Liabilities from Equity*," and ASC Topic 815 "*Derivatives and Hedging*." Certain conversion options and redemption features are required to be bifurcated from their host instrument and accounted for as free-standing derivative financial instruments should certain criteria be met. The Company applies significant judgment to identify and evaluate complex terms and conditions for its financial instruments to determine whether such instruments are derivatives or contain features that qualify as embedded derivatives. Embedded derivatives must be separately measured from the host contract if all the requirements for bifurcation are met. The assessment of the conditions surrounding the bifurcation of embedded derivatives depends on the nature of the host contract and the features of the derivatives. Bifurcated embedded derivatives are recognized at fair value.

The following table provides a roll-forward of changes for financial instruments measured at fair value on a recurring basis for the three months ended September 30, 2026:

Derivative Liability	Amount
Balance as of June 30, 2026	$ 606,700
Initial fair value upon issuance of convertible notes	1,238,900
Extinguishment of derivative liability upon conversion of convertible notes	(501,700)
Gain on change in fair value of derivative liability	(121,600)
Balance as of September 30, 2026	$ 1,222,300

Stock-based Compensation

The Company applies ASC No. 718, "Compensation-Stock Compensation," which requires that share-based payment transactions with employees and nonemployees upon adoption of ASU 2018-07, be measured based on the grant date fair value of the equity instrument and recognized as compensation expense over the requisite service period, with a corresponding addition to equity. Under this method, compensation cost related to employee share options or similar equity instruments is measured at the grant date based on the fair value of the award and is recognized over the period during which an employee is required to provide service in exchange for the award, which generally is the vesting period. In addition to the requisite service period, the Company also evaluates the performance condition and market condition under ASC 718-10-20. For an award that contains both a performance and a market condition, and where both conditions must be satisfied in order for the award to vest, the market condition is incorporated into the fair value of the award, and that fair value is recognized over the employee's requisite service period or nonemployee's vesting period if it is probable that the performance condition will be met. If the performance condition is ultimately not met, compensation cost related to the award should not be recognized (or should be reversed) because the vesting condition in the award has not been satisfied.

The Company will recognize forfeitures of such equity-based compensation as they occur.

Income taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their perspective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company has analyzed filing positions in each of the federal and state jurisdictions where the Company is required to file income tax returns, as well as open tax years in such jurisdictions. The Company has identified the U.S. federal jurisdiction, and the states of Nevada and California, as its "major" tax jurisdictions. However, the Company has certain tax attribute carryforwards which will remain subject to review and adjustment by the relevant tax authorities until the statute of limitations closes with respect to the year in which such attributes are utilized.

The Company believes that our income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740. The Company's policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes.

Recently issued accounting pronouncements

Other than as set forth under Note 2 to the unaudited consolidated financial statements under "Recently issued accounting pronouncements," the Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company," we are not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Interim Chief Financial Officer, to allow for timely decisions regarding required disclosure.

As of September 30, 2026, our management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Interim Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our management concluded that our internal controls over financial reporting were not effective because, among other things, our controls related to the financial statements closing process were not adequately designed or appropriately implemented to identify material misstatements in our financial reporting on a timely basis. Management has evaluated remediation plans to address these deficiencies and is implementing changes to address the material weakness identified, including hiring additional accountants and consultants and implementing controls and procedures over the financial reporting process.

Changes in Internal Controls

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not presently party to any pending or threatened legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition, or operating results, although from time to time, we may become involved in legal proceedings in the ordinary course of business.

ITEM 1A. RISK FACTORS

We refer to Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K for the year ended June 30, 2026 for a detailed description of our significant risk factors. As of September 30, 2026, there have been no material changes from those risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2026.

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

None, other than as previously reported in the Company's Current Reports on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

10b5-1 Plans

During our fiscal quarter ended September 30, 2026, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as those terms are defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are filed or furnished with this report:

Exhibit No.	Description of Exhibit
3.1	Sixth Amended and Restated Articles of Incorporation of iPower Inc. (incorporated by reference to Exhibit 3.3 to Amendment No. 3 to the Registration Statement on Form S-1 filed May 5, 2021).
3.2	Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed October 21, 2025).
3.3	Third Amended and Restated Bylaws of iPower Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on June 11, 2025).
3.4	Certificate of Amendment to the Sixth Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on August 5, 2026).
3.5*	Certificate of Amendment to the Sixth Amended and Restated Articles of Incorporation.
4.1	Form of Series A Senior Secured Convertible Notes (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on December 23, 2025).
4.2	Form of Series B Senior Secured Convertible Notes (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on December 23, 2025).
4.3	Form of Series A Convertible Note (incorporated by reference to Exhibit 10.1 to the Current Report dated February 10, 2026).
4.4	Form of Series A Convertible Note (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated May 19, 2026).
10.1	Supplement to Supply and Distribution Agreement, dated June 30, 2026, between iPower Inc., Global Product Marketing, Inc. and ETTS AI Investment LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated July 2, 2026).
10.2	Form of Series A Senior Secured Convertible Note (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated July 6, 2026).
10.3	Form of Amendment to Securities Purchase Agreement, dated July 6, 2026, between iPower Inc. and the investors named therein (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K dated July 6, 2026).
10.4	Form of Joinder to Guaranty, dated July 21, 2026 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated July 21, 2026).
10.5	Form of Series A Senior Secured Convertible Note (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated September 15, 2026).
10.6	Third Amended and Restated 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated September 22, 2026).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Schema Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Data
101.LAB	Inline XBRL Taxonomy Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.
** Furnished herewith.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

iPower Inc.

November 16, 2026

By: /s/ Chenlong Tan
Chenlong Tan
Chief Executive Officer, President and Interim Chief Financial Officer
Principal Executive Officer and
Principal Financial and Accounting Officer

Exhibit 3.5

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

iPower, Inc.

2. The articles have been amended as follows: (provide article numbers, if available)

The first sentence of Article FOURTH (Capital Stock) of the Sixth Amended and Restated Articles of Incorporation is hereby amended by deleting it in its entirety and inserting in lieu thereof the following:

"Upon the effectiveness of this Certificate of Amendment (the "Effective Time"), each share of the common stock, issued and outstanding immediately prior to the Effective Time, will be automatically reclassified as and converted into a fraction of a share of common Stock at a ratio of 1-for-12; provided, however, that no fractional shares shall be issued to stockholders as a result of the foregoing reclassification and that in lieu thereof, the Corporation shall, after aggregating all fractions of a share to which a holder would otherwise be entitled, round any resulting fractional shares up to the nearest whole share. Any stock certificate that, immediately prior to the Effective Time, represented shares of common stock will, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent the number of shares of common stock into which shares of common stock have been reclassified and converted, but giving effect to the rounding of fractional shares provided for in the immediately preceding sentence."

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise a least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation have voted in favor of the amendment is: Shares representing a majority of the voting power of the shares present in person or proxy were voted in favor of the amendment.

4. Effective date of filing: October 26, 2026 at 12:01 a.m.

(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

iPower, Inc.

By: /s/ Chenlong Tan
Chenlong Tan, Chief Executive Officer

Exhibit 31.1

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

I, Chenlong Tan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2026 of iPower Inc. (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: November 16, 2026

/s/ Chenlong Tan
Chenlong Tan
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Chenlong Tan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2026 of iPower Inc. (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: November 16, 2026

/s/ Chenlong Tan
Chenlong Tan
Interim Chief Financial Officer
(Principal Financial and Accounting 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 iPower Inc. (the "Company") on Form 10-Q for the period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chenlong Tan, 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:

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

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

Date: November 16, 2026

/s/ Chenlong Tan
Chenlong Tan
Chief Executive Officer and Interim Chief Financial Officer
(Principal Executive Officer and Principal Financial and Accounting Officer)