

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

FORM 10-K

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

For the fiscal year ended June 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

(State or other jurisdiction of incorporation or organization)

82-5144171

(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)

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

Securities registered pursuant to section 12(g) of the Act: NONE

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

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

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

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

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

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

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

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

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

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

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

On December 31, 2025, the last business day of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common equity held by non-affiliates was \$4,224,031 based on the closing sale price of the registrant’s common stock on such date as reported on The Nasdaq Capital Market.

The number of shares outstanding of the registrant’s common stock on October 2, 2026 was 1,262,584.

iPOWER INC.

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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K (including the section regarding Management’s Discussion and Analysis and Results of Operations, the “Annual Report”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our ability to control or predict and that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by forward-looking statements.

In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these identifying words. Our forward-looking statements may include, among other things, statements about:

- our strategies and plans regarding the acquisition and use of cryptocurrency as reserve assets;
- our financial and business performance, including our financial projections and business metrics;
- macroeconomic conditions, including labor disputes, depreciation of the U.S. dollar, volatility in the capital markets, U.S.-China relations, inflationary impacts and disruptions to the global supply chain;
- the imposition of duties and tariffs and other trade barriers and retaliatory countermeasures implemented by the U.S. and other governments;
- changes in our strategy, future operations, financial position, estimated revenues and losses, forecasts, projected costs, prospects and plans;
- increase in supply chain costs, including raw materials, sourcing, and transportation;
- our inability to anticipate the future market demands and future needs of our customers;
- the impact of component shortages, suppliers’ lack of production capacity, natural disasters or pandemics on our sourcing operations and supply chain;
- our ability to meet the prospective delivery time for our products and fulfill customer orders;
- our future capital requirements and sources and uses of cash;
- our ability to cover our future capital expenditures and to pay down our near-term debt obligations;
- our ability to obtain funding and raise capital for our operations;
- our ability to access the capital markets and credit markets;

- our anticipated financial performance, including gross margin, and the expectation that our future results of operations will fluctuate on a quarterly basis for the foreseeable future;
- our expected capital expenditures, cost of revenue and other future expenses, and the sources of funds to satisfy the liquidity needs of the Company;
- our ability to maintain the listing of our common stock on the Nasdaq;
- technology, cybersecurity, and data privacy risks;
- intense market competition;
- geopolitical conditions, including political instability in the U.S. and China, unrest and sanctions, war, conflict, including the ongoing conflicts between Russia and Ukraine, conflicts in the Middle East, and increasing tensions between China and Taiwan;
- legislative and regulatory risks, including those relating to the recent enactment of the One Big Beautiful Bill Act;
- uncertainties and risks relating to new trade regulations, including tariffs and export control regulations;
- the market price and value of digital assets are highly volatile, which may materially and adversely affect the value of our digital asset holdings and our financial condition;
- the regulatory environment governing digital assets is evolving, uncertain, and subject to change, which could adversely affect our business, financial condition, and results of operations;
- reputational risks; and
- other risks and uncertainties described in the Annual Report, including those detailed under the section entitled “[Risk Factors](#)”.

We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. We disclaim any obligation, except as specifically required by law and the rules of the SEC, to publicly update or revise any such statements to reflect any change in company expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

Our business, financial condition, results of operations and prospects may change. We may not update these forward-looking statements, even though our situation may change in the future, unless we have obligations under the federal securities laws to update and disclose material developments related to previously disclosed information. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

Unless the context otherwise requires, the terms “the Company,” “we,” “us,” and/or “our” in this Annual Report refer to iPower Inc. and its subsidiaries.

Risk Factor Summary

The risks described under the heading “[Risk Factors](#)” of this Annual Report on Form 10-K may cause us to be unable to realize the full benefits of our strengths and/or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges we face include:

Risks Related to Our Business and Products

- We sell proprietary brand offerings, as well as third party brands, which could expose us to various risks.
- Our competitors and potential competitors may develop products and technologies that are more effective or commercially attractive than our products.
- We may not be able to successfully develop new products or improve existing products or maintain our effectiveness in reaching consumers through rapidly evolving communication vehicles.
- The availability and cost of transportation for our products is vital to our success, and the loss of availability or increase in the cost of transportation or freight costs could have an unfavorable impact on our business, results of operations, financial condition, and cash flows.
- The ongoing conflict between Russia and Ukraine may adversely affect our business, financial condition, or results of operations.
- The occurrence of any epidemic or pandemic, including but not limited to COVID-19 or similar infectious diseases, and any resurgence in related infections, whether in the U.S., China or elsewhere, along with efforts to mitigate their impact, could adversely affect our business, liquidity, operations, financial condition, the business of our suppliers, vendors and logistic partners, and the price of our securities.
- We have a limited operating history on which stockholders and potential investors can evaluate our business or base an investment decision, and are only just now commencing our Digital Asset Treasury Strategy.
- Almost all of our sales are carried out through partners and third-party platforms indirectly, including Amazon, Temu, Walmart and eBay; any disruption in our selling efforts on such third party could substantially disrupt our business.
- Poor economic conditions could adversely affect our business.
- Heightened inflation, increased interest rates and other economic conditions including potential recession and credit market disruptions could negatively impact our business.
- Volatile or weakened economic conditions in the U.S. and globally may adversely affect our business and operating results..
- Government efforts to combat inflation, along with other interest rate pressures arising from an inflationary economic environment, could lead to higher financing costs.
- We rely heavily on our access to the China markets for the production of our products; should U.S. and China trade relations further deteriorate, and should the ongoing trade war continue, our supply chain, and thus our operations and revenues, could be subject to deleterious effects.
- We face intense competition that could prohibit us from developing or increasing our customer base.
- If we need additional capital to fund the expansion of our operations, we may not be able to obtain sufficient capital on terms favorable to us and may be forced to limit the expansion of our operations.
- Our business depends substantially on the continuing efforts of our executive officers and our business may be severely disrupted if we lose their services.
- If we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.
- In order to increase our sales and marketing infrastructure, we will need to grow the size of our organization, and we may experience difficulties in managing this growth.
- Acquisitions, other strategic alliances, and investments could result in operating difficulties, dilution, and other harmful consequences that may adversely impact our business and results of operations.
- Our ongoing investment in and development of our new in-house branded product line is inherently risky and could disrupt our ongoing businesses.
- If we are unable to effectively execute supply chain for e-commerce business, our reputation and operating results may be harmed.
- A substantial proportion of our sales occur on Amazon and, as such, should our Company experience any negative actions by Amazon, our sales could be significantly affected.
- Our reliance on third-party manufacturers could harm our business.

- Our reliance on a limited base of suppliers for certain products and concentrated customers may result in disruptions to our business and adversely affect our financial results.
- A significant interruption in the operation of our or our suppliers' facilities could impact our capacity to produce products and service our customers, which could adversely affect revenues and earnings.
- If our suppliers are unable to source raw materials in sufficient quantities, on a timely basis, and at acceptable costs, our ability to sell our products may be harmed.
- Disruptions in availability or increases in the prices of raw materials sourced by suppliers could adversely affect our results of operations.
- If our suppliers that currently, or in the future, sell directly to the retail market in which we conduct our current or future business, enhance these efforts and cease or decrease their sales through us, our ability to sell certain products could be harmed.
- Our operations may be impaired if our information technology systems fail to perform adequately or if we are the subject of a data breach or cyber-attack.
- We collect, process, store, use, and share information collected from or about purchasers and users of our website and products. The collection and use of personal information, and analysis and sharing of user data and unique identifiers to inform advertising subject us to legislative and regulatory burdens, may expose us to liability, and our actual or perceived failure to adequately protect consumer data could harm our brand, our reputation in the marketplace and our business.
- We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business.
- We may not be able to develop, license or acquire new products, enhance the capabilities of our existing products to keep pace with rapidly changing technology and customer requirements, or successfully manage the transition to new product offerings, any of which could have a material adverse effect on our business, financial condition, and results of operations.
- We have identified certain material weaknesses in our internal control over financial reporting and may experience material weaknesses in the future or otherwise fail to maintain an effective system of internal controls in the future, as a result of which, we may not be able to accurately report our financial condition or results of operations which may adversely affect investor confidence in us and, as a result, the value of our common stock.
- We recently implemented our Digital Asset Treasury strategy, which exposes us to various risks, including risks associated with holding Bitcoin and other cryptocurrency assets, including the following:
 - o Bitcoin and other digital assets are highly volatile assets.
 - o Bitcoin does not pay interest or dividends.
 - o Our Bitcoin and other digital asset holdings could significantly impact our financial results and the market price of our listed securities.
 - o Should we purchase Bitcoin or other digital assets, such acquisition would be completed primarily using proceeds from equity and debt financings.
 - o The Digital Asset Treasury strategy is new to our business, has not been tested and we will be unable to assure its success or successful implementation.
 - o We would be subject to counterparty risks, including in particular risks relating to our custodians.
 - o The broader digital assets industry is subject to counterparty risks, which could adversely impact the adoption rate, price, and use of Bitcoin and other cryptocurrency or digital assets.
 - o Changes in the accounting treatment of our Bitcoin or other digital currency holdings could have significant accounting impacts, including increasing the volatility of our results.

General Risk Factors Related to Our Business

- Litigation may adversely affect our business, financial condition, and results of operations.
- If product liability lawsuits are brought against us, we may incur substantial liabilities.
- We may not be able to obtain insurance coverage adequate to cover all significant risk exposures.
- Unanticipated changes in our tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could affect our profitability and cash flows.
- Certain of our products sell on a seasonal basis, resulting in fluctuations in our cash flow, inventory, and accounts payable.
- Our results of operations could be materially harmed if we are unable to accurately forecast customer demand for our products and manage our inventory.
- The failure of third parties to meet their contractual, regulatory, and other obligations could adversely affect our business.
- The sizes of the markets for our current and future products have not been established with precision and may be smaller than we estimate.
- The conflicts between Russia and Ukraine and in the Middle East may have the effect of heightening many of the other risks described in the “Risk Factors” section.

Risks Related to Our Common Stock

- If we fail to comply with the continued listing requirements of the Nasdaq Stock Market, it could result in our common stock being delisted, which could adversely affect the market price and liquidity of our securities and could have other adverse effects.
- Future sales of our common stock in the public market could cause the market price of our common stock to decline.

General Risk Factors Related to our Common Stock

- There are risks, including stock market volatility, inherent in owning our common stock.
- We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.
- We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.
- As a public company, we are subject to increased costs in relation to maintaining SEC and Nasdaq-related reporting requirements and our management is required to devote substantial time to compliance with our public company reporting responsibilities and corporate governance practices.
- As a result of being a public company, we are obligated to develop and maintain proper and effective internal controls over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our Company and, as a result, the value of our common stock.
- We are a smaller reporting company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to a “smaller reporting companies,” this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.
- Our stockholders will experience further dilution if we issue additional equity or equity-linked securities in the future.
- If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our common stock, the market price for our common stock and trading volume could decline.
- As an actively-traded Nasdaq-listed company, the market price of our common stock may be volatile.
- In the event of liquidation or dissolution of our company, stockholders may not recoup all or any portion of their investment.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Our Business

iPower Inc. 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 digital asset treasury 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 ("DAT") 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 \$1,002,381 and all Ethereum for approximately \$563,391 on August 14, 2026.

We do not maintain fixed target percentages or minimum allocations for Bitcoin, Ethereum, USDai, sUSDai, other digital assets or cash. The allocation percentages contained in our original financing documents were contractual use-of-proceeds and collateral requirements and were not permanent treasury allocation targets. Subject to our board-approved policy, applicable law and our financing documents, management determines the desired composition of approved asset classes based on operating liquidity, debt servicing and collateral requirements, market volatility and liquidity, custody and protocol risk, expected risk-adjusted returns and available operating opportunities.

Substantially all digital assets, cash and other property held in the applicable controlled accounts, together with related proceeds, are pledged to the Collateral Agent, an affiliate of the Convertible Note Investor, for the benefit of the holders of the Convertible Notes.

On July 6, 2026, we amended the Purchase Agreement (as hereinafter defined) with the Investor (as hereinafter defined) to permit proceeds from future Additional Optional Closings (as defined in the Purchase Agreement) to be used for any general corporate purpose determined by management. Accordingly, proceeds raised from Additional Optional Closings are not subject to a fixed digital asset allocation and may be used for working capital, repayment of indebtedness, AI infrastructure and other corporate purposes. Assets already held in the controlled collateral account remain subject to the applicable custody-control arrangements and first-priority security interest.

Management determines the desired asset composition within the controlled account and may request purchases, sales, redemptions and rebalancing involving approved assets. The Collateral Agent has contractual control over the blocked account, and the custodian acts on instructions of the Collateral Agent in accordance with the custody-control arrangement. A sale or redemption within the account changes the form of the collateral but does not release it. Cash or other proceeds remain pledged unless released in accordance with the financing documents.

After reviewing the performance, liquidity and risks of our digital asset holdings and the availability of direct AI infrastructure opportunities, management has shifted our current capital-allocation priority away from additional passive digital asset accumulation and toward AI infrastructure acquisition, financing, equipment leasing and related operating opportunities. We do not have an automatic or recurring digital asset purchase program and are not committed to maintaining a minimum amount of digital assets.

We continue to hold Bitcoin as of October 1, 2026, but may retain, reduce or sell that position in the future in accordance with our policy and financing documents.

As of October 1, 2026, we held the digital assets and controlled-account cash amounts set forth in the table below.

Asset	Acquisition amount	Units	Indicative price	Indicative value	Status
U.S. dollars	–	\$ 4,817,911.37	\$ 1.00	\$ 4,817,911.37	Held in controlled account
Bitcoin	\$ 1,325,400	15.11524045 BTC	\$ 84,554.15	\$ 1,278,056.38	Held
Total assets held in controlled account	–	–	–	\$ 6,095,967.75*	Includes cash and digital assets

* Company-provided values as of October 1, 2026.

Global Economic Disruption

While at present the majority of our products are sourced either in the United States or China, the military conflict between Russia and Ukraine, as well as the ongoing conflict in the Middle East, may nonetheless increase the likelihood of supply chain interruptions and hinder our ability to find the products we need to sell to our customers. Thus far, as a result of the general global economic disruption, we have experienced a decrease in the speed with which we have been able to purchase new inventory, as well as an increase in costs due to delays in shipping, resulting increase in time with which products remain in our warehouse facilities, thus resulting in reduced profits. In addition, supply chain disruptions may make it harder for us to find favorable pricing and reliable sources for the products we need, putting upward pressure on our costs and increasing the risk that we may be unable to acquire the Inventories and services we need to continue to sell to our customers.

Recent Developments

On December 22, 2025, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with ATW Digital Asset Opportunities XIV (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 agreed to initially purchase (i) a Series A Convertible Note in the aggregate original principal amount of \$5,184,024, and shares of common stock issuable pursuant to the terms of the Series A Convertible Notes in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act, and Rule 506(b) of Regulation D as promulgated thereunder, and (ii) \$1,815,976 aggregate principal amount of a Series B Convertible Note, and shares of common stock issuable pursuant to the terms of the Series B Convertible Notes in a registered direct offering pursuant to a currently effective shelf registration statement on Form S-3 (File No. 333-274665), which was declared effective by the SEC on September 29, 2023. In addition, pursuant to the Purchase Agreement, the parties closed on an additional \$5,000,000 of Series A Convertible Notes (the “Additional Series A Notes”) upon effectiveness of a resale registration statement. 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 and Investor consummated Additional Optional Closings with the Investor. 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 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 Additional Series A 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 October 2, 2026, the Investor has converted a total of \$9,359,580 of the Series A Notes, resulting in the conversion of a total of 849,697 shares at an average conversion price per share of \$11.02 on a post-reverse stock split basis (accounting for a 1-for-8 reverse stock split effectuated May 22, 2026 and a 1-for-9 reverse stock split effectuated August 7, 2026).

Pursuant to the Purchase Agreement and the Series A 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 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 iPower 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 iPower 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 iPower 50% of the proceeds received in relation to such sale. Thereafter, on February 1, 2026, the Company entered into a stock purchase agreement with ETTS AI Investment LLC, a Nevada limited liability company (“ETTS AI”), pursuant to which the Company sold all of 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 would act as exclusive supplier in the United States, Canada and Mexico for all existing SKUs that have historically been distributed from iPower to GPM, thus allowing iPower to continue in its role of supplier to GPM while divesting of the cost center associated with GPM’s sales function. As supplier, iPower 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 iPower a cooperative marketing fee, which will be defined in a subsequent agreement between the parties. Under the Supply and Distribution Agreement, payment on all purchaser 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.

On June 30, 2026, the Company, GPM and ETTS AI entered into a supplement to the Supply and Distribution Agreement (the “Supplement”) pursuant to which GPM assumed \$2,007,366.86 of accounts payable owed to the Company’s suppliers in exchange for acquiring an equal amount of the Company’s existing inventory. Additionally, the Supplement releases the Company and GPM from exclusive sourcing and distribution obligations owed to one another under the Supply and Distribution Agreement.

Effective May 22, 2026, the Company implemented a 1-for-8 reverse stock split of its common stock, under which every eight 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 (the “May Reverse Split”).

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 (the “August Reverse Split,” with the August Reverse Split and May Reverse Split together referred to as the “Reverse Splits”). Unless otherwise noted, all information contained in this Annual Report has been adjusted to reflect the Reverse Splits. The Reverse Splits had no effect on the total number of authorized shares of common stock or preferred stock.

Supply Chain Strategy Our supply chain business strategy is to expand our technology-enabled sourcing, logistics and fulfillment services for brands, manufacturers and other business customers. We are also actively developing new products to address market demand, broaden our product offerings and support the growth of our distribution business. We intend to leverage our experience in procurement, supplier management and U.S. distribution to develop an asset-light service platform that combines our operating capabilities with third-party warehousing, transportation and fulfillment networks. Through strategic partnerships and selective acquisitions, we seek to broaden our service offerings, expand our customer base and strengthen our ability to coordinate supply chain activities from product development and sourcing through delivery. We also intend to integrate data-driven tools and automation to improve inventory planning, order management and logistics efficiency. Our objective is to generate revenue from product sales and supply chain services while helping customers simplify operations and access U.S. markets without requiring substantial investment in owned infrastructure.

Large Established Distribution Infrastructure

We have worked to develop a highly developed distribution network through our partner fulfillment centers across the United States. We work with a network of third-party common carrier trucking/freight companies that service our customers throughout the U.S.. We fulfill daily customer orders via our business-to-business supply chain platform. Orders are then routed to the applicable distribution center and packed for shipments. Most of our customer orders are shipped within one business day of order receipt.

Corporate Structure

We have been conducting business as iPower Inc. (formerly BZRTN Inc.) since our formation in 2018 and subsequent acquisition of the assets, and certain liabilities, of BizRight LLC. 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, 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, and President, and one of the shareholders of the Company. As a result, GPM became the Company’s wholly owned subsidiary. In order to diversify and facilitate the Company’s marketing and research and development activities, the Company used E Marketing and GPM to perform and conduct certain aspects of our business relative to marketing, banking and cash management.

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.

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.

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 controlled, through contractual arrangements summarized in Note 4 to the consolidated financial statements, the business, revenues and profits of DHS, a company organized under the Laws of the PRC and located in Shenzhen, China.

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. On September 8, 2025, the Company entered into Amendment No. 1 (the “Amendment”) to the limited liability operating agreement to clarify that the Company is contributing the initial production material and equipment as well as use of space in the Company’s facility at Rancho Cucamonga to United Package during the term of the agreement as consideration for the Company’s ownership of 2,280 Class A voting units in United Package. United Package will be responsible for monthly rental payments for the use of the facility.

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.

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.

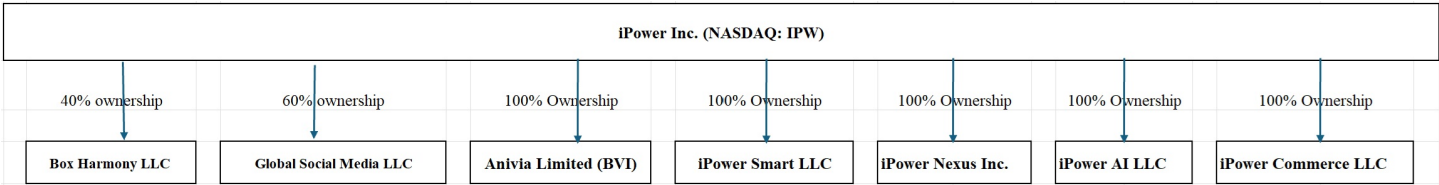
On October 23, 2025, the Company formed iPower Smart LLC, a Delaware limited liability company (“Smart LLC”). Smart LLC is principally engaged in digital treasury activities.

On January 29, 2026, the Company formed iPower Nexus Inc., a Nevada corporation (“Nexus”). Nexus is principally engaged in the 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”).

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 “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.

The organizational structure of iPower and our related subsidiaries is set forth below:



Corporate Information

The Company, a Nevada corporation, was formed on April 11, 2018 under the name BZRTN Inc. On September 4, 2020, we filed a Certificate of Amendment with the State of Nevada changing our name to iPower Inc.

Our principal offices are located at 8798 9th Street, Rancho Cucamonga, CA 91730, and our phone number is (626) 863-7344. Our website is www.meetipower.com. Information contained on our website should not be deemed incorporated by reference and is not a part of this Annual Report.

Human Capital Resources

We maintain a streamlined organizational structure and utilize a combination of employees, consultants, independent contractors and third-party service providers to support our operations. This flexible operating model allows us to access specialized expertise and adjust resources based on our operational and strategic needs. We seek to attract and retain qualified personnel and service providers with experience relevant to our business, and we believe our current human capital resources are sufficient to support our existing operations and strategic initiatives.

As of June 30, 2026, we had a total of 2 full-time employees and 2 part-time employees and consultants.

ITEM 1A. RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider all of the risks described below, together with the other information contained in this Annual Report, including our financial statements and related notes, before making a decision to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment.

Risks Related to Our Digital Asset Treasury Strategy

Our DAT Strategy exposes us to various risks, including risks associated with bitcoin.

Our DAT Strategy exposes us to various risks, including the following:

Our digital assets are subject to a first priority security interest and are not freely available for our use or for use by our stockholders. Our digital assets, controlled-account cash and related proceeds are subject to a first-priority security interest and are not freely available to us or our common stockholders. Substantially all digital assets, cash and other property held in the applicable controlled accounts, together with related proceeds, are pledged to the Collateral Agent, an affiliate of the Convertible Note Investor, for the benefit of the holders of the Convertible Notes. The Collateral Agent has contractual control over the blocked custodial account. A sale, redemption or conversion of a digital asset into cash within the account does not release the collateral; the resulting cash remains pledged. We may withdraw or use collateral only if the applicable release conditions are satisfied or the required consent is obtained. If an Event of Default occurs, as defined in the Convertible Notes, the Collateral Agent may take control of and dispose of the collateral and apply the proceeds to the secured obligations before any residual value is available to holders of our common stock. Accordingly, the gross value of our controlled-account assets should not be viewed as unrestricted cash or net asset value available to common stockholders.

Bitcoin and other digital assets are highly volatile assets. Bitcoin (or BTC) and Ethereum (or ETH) are highly volatile assets. BTC has traded between approximately \$57,725 and \$126,279 per bitcoin on the Coinbase exchange (a principal market for bitcoin) during the 12 months preceding the date of this Annual Report. The trading price of bitcoin significantly decreased during prior periods, and such declines may occur again in the future.

Bitcoin does not pay interest or dividends. Bitcoin does not pay interest or other returns and we can only generate cash from our bitcoin holdings if we sell our bitcoin or implement strategies to create income streams or otherwise generate cash by using our bitcoin holdings. Even if we pursue any such strategies, we may be unable to create income streams or otherwise generate cash from our bitcoin holdings, and any such strategies may subject us to additional risks.

While our DAT Strategy is new, our bitcoin holdings could significantly impact our financial results and the market price of our listed securities. Any bitcoin holdings we purchase could significantly affect our financial results. If we continue to invest in bitcoin and increase our overall holdings of bitcoin in the future, they will have an even greater impact on our financial results and the market price of our listed securities.

We intend to purchase bitcoin primarily using proceeds from equity and debt financings. Our ability to achieve the objectives of our DAT Strategy depends in significant part on our ability to obtain equity and debt financing. If we are unable to obtain equity or debt financing on favorable terms or at all, we may not be able to successfully execute on our DAT Strategy.

Our DAT Strategy has not been tested and we cannot be certain it will be successful. As we roll out our new DAT Strategy, we will need to continually examine the risks and rewards of our strategy to acquire and hold BTC and ETH. This strategy has not been tested over an extended period of time or under different market conditions. For example, although we believe BTC, due to its limited supply, has the potential to serve as a hedge against inflation in the long term, the short-term price of BTC declined in recent periods during which the inflation rate increased. If BTC or ETH prices were to decrease or our DAT Strategy otherwise proves unsuccessful, our financial condition, results of operations, and the market price of our listed securities would be materially adversely impacted.

We will be subject to counterparty risks, including in particular risks relating to our custodians. Although we will implement various measures that are designed to mitigate our counterparty risks, including by storing substantially all of the digital assets we own in custody accounts at institutional-grade custodians and negotiating contractual arrangements intended to establish that our property interest in custodially-held bitcoin is not subject to claims of our custodians' creditors, applicable insolvency law is not fully developed with respect to the holding of digital assets in custodial accounts. If our custodially-held BTC or ETH were nevertheless considered to be the property of our custodians' estates in the event that any such custodians were to enter bankruptcy, receivership or similar insolvency proceedings, we could be treated as a general unsecured creditor of such custodians, inhibiting our ability to exercise ownership rights with respect to such digital assets, or delaying or hindering our access to our digital asset holdings, and this may ultimately result in the loss of the value related to some or all of such bitcoin, which could have a material adverse effect on our financial condition as well as the market price of our listed securities.

The broader digital assets industry is subject to counterparty risks, which could adversely impact the adoption rate, price, and use of BTC, ETH or stablecoins. A series of recent high-profile bankruptcies, closures, liquidations, regulatory enforcement actions and other events relating to companies operating in the digital asset industry have highlighted the counterparty risks applicable to owning and transacting in digital assets. Although these bankruptcies, closures, liquidations and other events have not resulted in any loss or misappropriation of our bitcoin, nor have such events adversely impacted our access to our BTC or ETH, they have, in the short-term, likely negatively impacted the adoption rate and use of bitcoin. Additional bankruptcies, closures, liquidations, regulatory enforcement actions or other events involving participants in the digital assets industry in the future may further negatively impact the adoption rate, price, and use of BTC or ETH, limit the availability to us of financing collateralized by BTC or ETH or create or expose additional counterparty risks.

Changes in the accounting treatment of our bitcoin holdings could have significant accounting impacts, including increasing the volatility of our results. Our digital asset holdings and related transactions may create significant volatility in our reported results and our historical financial statements do not reflect all recent developments. Our financial statements through June 30, 2026 reflected our BTC and ETH acquisitions and related fair-value changes, along with our June 2026 USDai acquisition and subsequent conversion or staking into sUSDai. However, they do not reflect our August 2026 instructions to redeem sUSDai and sell ETH. We adopted ASU 2023-08 on July 1, 2025 and record qualifying digital assets at fair value, with realized and unrealized changes recognized in earnings. As a result, changes in digital asset values and any sale or redemption may materially increase volatility in our reported earnings. The accounting and valuation treatment of sUSDai and related redemption proceeds may involve judgment and may differ from the value displayed by the custodian or protocol dashboard.

The broader digital assets industry, including the technology associated with digital assets, the rate of adoption and development of, and use cases for, digital assets, market perception of digital assets, and the legal, regulatory, and accounting treatment of digital assets are constantly developing and changing, and there may be additional risks in the future that are not possible to predict.

Digital assets can be highly volatile assets, and, in the event we develop significant digital asset holdings, fluctuations in the price are likely to influence our financial results and the market price of our listed securities.

Digital assets can be highly volatile assets, and, in the event we develop significant holdings, fluctuations in the price are likely to influence our financial results and the market price of our listed securities. Our financial results and the market price of our listed securities would be adversely affected, and our business and financial condition would be negatively impacted, if we hold substantial digital assets and the price decreased substantially, including as a result of:

- decreased user and investor confidence in our digital asset holdings, including due to the various factors described herein;
- investment and trading activities, such as (i) trading activities of highly active retail and institutional users, speculators, miners and investors; (ii) actual or expected significant dispositions of digital assets by large holders, including the expected liquidation of digital assets associated with entities that have filed for bankruptcy protection and the transfer and sale of digital assets associated with significant hacks, seizures, or forfeitures, such as the transfers of BTC to (a) creditors of the hacked cryptocurrency exchange Mt. Gox which distribution began in July 2024, (b) claimants following proceedings related to a 2016 hack of Bitfinex—which claims are currently being adjudicated, (c) the German government following the seizure of about 50,000 bitcoin in January 2024 from the operator of Movie2k.to, or (d) the Northern District Court of California granting the U.S. Department of Justice in January 2025 the right to liquidate 69,370 bitcoin seized from the Silk Road marketplace; and (iii) actual or perceived manipulation of the spot or derivative markets for bitcoin or spot bitcoin exchange-traded products ("ETPs");

- negative publicity, media or social media coverage, or sentiment due to events in or relating to, or perception of, digital asset or the broader digital assets industry, for example, (i) public perception that bitcoin can be used as a vehicle to circumvent sanctions, including sanctions imposed on Russia or certain regions related to the ongoing conflict between Russia and Ukraine, or to fund criminal or terrorist activities, such as the purported use of digital assets by Hamas to fund its terrorist attack against Israel in October 2023; (ii) expected or pending civil, criminal, regulatory enforcement or other high profile actions against major participants in the bitcoin ecosystem, including the SEC's enforcement actions against Coinbase, Inc. and Binance Holdings Ltd.; (iii) additional filings for bankruptcy protection or bankruptcy proceedings of major digital asset industry participants, such as the bankruptcy proceeding of FTX Trading and its affiliates; and (iv) the actual or perceived environmental impact of bitcoin and related activities, including environmental concerns raised by private individuals, governmental and non-governmental organizations, and other actors related to the energy resources consumed in the bitcoin mining process;
- changes in consumer preferences and the perceived value or prospects of bitcoin;
- competition from other digital assets that exhibit better speed, security, scalability, or energy efficiency, that feature other more favored characteristics, that are backed by governments, including the U.S. government, or reserves of fiat currencies, or that represent ownership or security interests in physical assets;
- a decrease in the price of other digital assets, including stablecoins, or the crash or unavailability of stablecoins that are used as a medium of exchange for bitcoin purchase and sale transactions, such as the crash of the stablecoin Terra USD in 2022, to the extent the decrease in the price of such other digital assets or the unavailability of such stablecoins may cause a decrease in the price of bitcoin or adversely affect investor confidence in digital assets generally;
- the identification of Satoshi Nakamoto, the pseudonymous person or persons who developed bitcoin, or the transfer of substantial amounts of bitcoin from bitcoin wallets attributed to Mr. Nakamoto;
- developments relating to the Bitcoin protocol, including (i) changes to the Bitcoin protocol that impact its security, speed, scalability, usability, or value, such as changes to the cryptographic security protocol underpinning the Bitcoin blockchain, changes to the maximum number of bitcoin outstanding, changes to the mutability of transactions, changes relating to the size of blockchain blocks, and similar changes, (ii) failures to make upgrades to the Bitcoin protocol to adapt to security, technological, legal or other challenges, and (iii) changes to the Bitcoin protocol that introduce software bugs, security risks or other elements that adversely affect bitcoin;
- disruptions, failures, unavailability, or interruptions in service of trading venues for bitcoin, such as, for example, the announcement by the digital asset exchange FTX Trading that it would freeze withdrawals and transfers from its accounts and subsequent filing for bankruptcy protection and the SEC enforcement action brought against Binance Holdings Ltd., which has now been dropped but which initially sought to freeze all of its assets during the pendency of the enforcement action and has since resulted in Binance discontinuing all fiat deposits and withdrawals in the U.S.;
- the filing for bankruptcy protection by, liquidation of, or market concerns about the financial viability of digital asset custodians, trading venues, lending platforms, investment funds, or other digital asset industry participants, such as the filing for bankruptcy protection by digital asset trading venues FTX Trading and BlockFi and digital asset lending platforms Celsius Network and Voyager Digital Holdings in 2022, the ordered liquidation of the digital asset investment fund Three Arrows Capital in 2022, the announced liquidation of Silvergate Bank in 2023, the government-mandated closure and sale of Signature Bank in 2023, the placement of Prime Trust, LLC into receivership following a cease-and-desist order issued by the Nevada Department of Business and Industry in 2023, and the exit of Binance from the U.S. market as part of its settlement with the Department of Justice and other federal regulatory agencies;
- regulatory, legislative, enforcement and judicial actions that adversely affect the price, ownership, transferability, trading volumes, legality or public perception of bitcoin, or that adversely affect the operations of or otherwise prevent digital asset custodians, trading venues, lending platforms or other digital assets industry participants from operating in a manner that allows them to continue to deliver services to the digital assets industry;
- further reductions in mining rewards of bitcoin, including due to block reward halving events, which are events that occur after a specific period of time (approximately once every four years, the most recent of which occurred in April 2024) that reduce the block reward earned by "miners" who validate bitcoin transactions; increases in the costs associated with bitcoin mining, including increases in electricity costs and hardware and software used in mining; new or enhanced regulation or taxation of bitcoin mining, which could further increase the costs associated with bitcoin mining, any of which may cause a decline in support for the Bitcoin network;
- transaction congestion and fees associated with processing transactions on the Bitcoin network;
- macroeconomic changes, such as changes in the level of interest rates and inflation, fiscal and monetary policies of governments, trade restrictions, and fiat currency devaluations;
- developments in mathematics or technology, including in digital computing, algebraic geometry and quantum computing, that could result in the cryptography used by the Bitcoin blockchain becoming insecure or ineffective; and
- changes in national and international economic and political conditions, including, without limitation, federal government policies, trade tariffs and trade disputes, the adverse impacts attributable to the current conflict between Russia and Ukraine and the economic sanctions adopted in response to the conflict, and the broadening of the Israel-Hamas conflict to other countries in the Middle East.

Bitcoin and other digital assets are novel assets, and are subject to significant legal, commercial, regulatory and technical uncertainty.

Bitcoin and other digital assets are relatively novel and are subject to significant uncertainty, which could adversely impact their price. The application of state and federal securities laws and other laws and regulations to digital assets is evolving, and it is possible that regulators in the United States or foreign countries may interpret or apply existing laws and regulations in a manner that adversely affects the price of bitcoin or the ability of individuals or institutions such as us to own or transfer bitcoin.

The U.S. federal government, states, regulatory agencies, and foreign countries may also enact new laws and regulations, or pursue regulatory, legislative, enforcement or judicial actions, that could materially impact the price of bitcoin or the ability of individuals or institutions such as us to own or transfer bitcoin. For example, within the past several years:

- President Trump signed an executive order instructing a working group comprised of representatives from key federal agencies to evaluate measures that can be taken to provide regulatory clarity and certainty built on technology-neutral regulations for individuals and firms involved in digital assets, including through well-defined jurisdictional regulatory boundaries and the working group recently released a report outlining a proposed framework for regulating the digital asset market in the U.S.;
- the European Union adopted Markets in Crypto Assets Regulation (“MiCA”), a comprehensive digital asset regulatory framework for the issuance and use of digital assets, like bitcoin;
- in June 2023, the SEC filed complaints against Binance Holdings Ltd. (“Binance”) and Coinbase, Inc., and their respective affiliated entities, relating to, among other claims, that each party was operating as an unregistered securities exchange, broker, dealer, and clearing agency;
- in November 2023, the SEC filed a complaint against Payward Inc. and Payward Ventures Inc., together known as Kraken, alleging, among other claims, that Kraken’s crypto trading platform was operating as an unregistered securities exchange, broker, dealer, and clearing agency;
- in June 2023, the United Kingdom adopted and implemented the Financial Services and Markets Act 2023 (“FSMA 2023”), which regulates market activities in “cryptoassets”;
- in November 2023, Binance and its then chief executive officer reached a settlement with the U.S. Department of Justice, CFTC, the U.S. Department of Treasury’s Office of Foreign Asset Control, and the Financial Crimes Enforcement Network to resolve a multi-year investigation by the agencies and a civil suit brought by the CFTC, pursuant to which Binance Holdings Ltd. agreed to, among other things, pay \$4.3 billion in penalties across the four agencies and to discontinue its operations in the United States;
- in May 2025, the SEC dismissed its civil enforcement action, which included charges of operating unregistered exchanges, broker-dealers and clearing agencies, as well as charges of the unregistered offer and sale of securities, against Binance, its related entities BAM Trading Services Inc. and BAM Management US Holdings Inc, and its founder, Changpeng Zhao; and
- in China, the People’s Bank of China and the National Development and Reform Commission have outlawed cryptocurrency mining and declared all cryptocurrency transactions illegal within the country.

It is not possible to predict whether, or when, new laws will be enacted that change the legal framework governing digital assets or provide additional authorities to the SEC or other regulators, or whether, or when, any other federal, state or foreign legislative bodies will take any similar actions. It is also not possible to predict the nature of any such additional laws or authorities, how additional legislation or regulatory oversight might impact the ability of digital asset markets to function, the willingness of financial and other institutions to continue to provide services to the digital assets industry, or how any new laws or regulations, or changes to existing laws or regulations, might impact the value of digital assets generally and bitcoin specifically. The consequences of any new law or regulation relating to digital assets and digital asset activities could adversely affect the market price of bitcoin, as well as our ability to hold or transact in bitcoin, and in turn adversely affect the market price of our listed securities.

Moreover, the risks of engaging in the DAT Strategy are relatively novel and have created, and could continue to create, complications due to the lack of experience that third parties have with companies engaging in such a strategy, such as increased costs of director and officer liability insurance or the potential inability to obtain such coverage on acceptable terms in the future.

The growth of the digital assets industry in general, and the use and acceptance of BTC or ETH in particular, may also impact the price of BTC or ETH and is subject to a high degree of uncertainty. The pace of worldwide growth in the adoption and use of BTC, ETH or other cryptocurrency may depend, for instance, on public familiarity with digital assets, ease of buying, accessing or gaining exposure to BTC, ETH or other cryptocurrency, institutional demand for cryptocurrency as an investment asset, the participation of traditional financial institutions in the digital assets industry, consumer demand for BTC or ETH as a store of value or means of payment, and the availability and popularity of alternatives to BTC or ETH. Even if growth in bitcoin adoption occurs in the near or medium-term, there is no assurance that bitcoin usage will continue to grow over the long-term.

Because digital assets have no physical existence beyond the record of transactions on the Bitcoin or other blockchain, a variety of technical factors related to the BTC blockchain could also impact the price of BTC. For example, malicious attacks by miners, inadequate mining fees to incentivize validating of bitcoin transactions, hard “forks” of the Bitcoin blockchain into multiple blockchains, and advances in digital computing, algebraic geometry, and quantum computing could undercut the integrity of the Bitcoin blockchain and negatively affect the price of bitcoin. The liquidity of bitcoin may also be reduced and damage to the public perception of bitcoin may occur, if financial institutions were to deny or limit banking services to businesses that hold bitcoin, provide bitcoin-related services or accept bitcoin as payment, which could also decrease the price of bitcoin. Actions by U.S. banking regulators, such as the issuance in February 2023 by Federal banking agencies of the “Interagency Liquidity Risk Statement,” which cautioned banks on contagion risks posed by providing services to digital assets customers, and similar actions, have in the past resulted in or contributed to reductions in access to banking services for bitcoin-related customers and service providers, or the willingness of traditional financial institution to participate in markets for digital assets. The liquidity of bitcoin may also be impacted to the extent that changes in applicable laws and regulatory requirements negatively impact the ability of exchanges and trading venues to provide services for bitcoin and other digital assets.

From time to time, we may hold USDai and sUSDai. Such holdings of USDai and sUSDai would expose us to risks specific to the USD.AI protocol and sUSDai’s yield-bearing and redemption mechanics. In addition to the risks associated with our DAT Strategy and digital asset holdings described above, our holdings of USDai and staked USDai, or sUSDai, will be subject to risks specific to the USD.AI protocol, including risks relating to the protocol’s reserve, staking, share-pricing, lending and redemption mechanics. Although USDai is intended to function as a fully backed synthetic dollar, it is not cash or an insured bank deposit, and its redeemability depends on the continued availability and operation of the protocol’s supported stablecoin reserves, swap adapters and related processes. sUSDai is a yield-bearing vault/share token rather than a stablecoin, and its value, yield and redemption proceeds depend on the performance, valuation and liquidity of underlying lending positions, unallocated USDai and protocol-administered share-pricing methodology. Redemptions of sUSDai may be asynchronous, queued, subject to timelocks and serviced periodically, and the redemption share price may be lower than the deposit share price or the value reflected in accrued yield, including if underlying loans default, collateral values are impaired, liquidity is unavailable, or the applicable position managers, administrators or governance-controlled processes do not operate as expected. Any inability to redeem USDai or sUSDai when needed, any shortfall between expected and realized redemption value or yield, or any adverse change in the USD.AI protocol, its collateral, loan performance, reserves or redemption process could reduce the value or liquidity of these holdings and adversely affect our liquidity, financial condition and results of operations.

Our historical financial statements do not reflect the potential variability in earnings that we may experience in the future relating to our bitcoin holdings.

We only recently commenced our DAT Strategy. As a result, our historical financial statements do not reflect the potential variability in earnings that we may experience in the future from holding or selling significant amounts of bitcoin.

The price of bitcoin has historically been subject to dramatic price fluctuations and is highly volatile. In December 2023, the FASB issued ASU 2023-08, which we adopted effective July 1, 2025. We determine the fair value of our bitcoin based on quoted (unadjusted) prices on the Coinbase exchange (our principal market for bitcoin).

ASU 2023-08 requires us to measure our bitcoin holdings at fair value in our statement of financial position, and to recognize gains and losses from changes in the fair value of our digital assets in net income each reporting period. ASU 2023-08 also requires us to provide certain interim and annual disclosures with respect to our digital asset holdings. ASU 2023-08 does not permit retrospective restatement of prior periods. Accordingly, changes in the fair value of our digital assets may significantly affect the carrying value of our digital assets on our balance sheet and our results of operations from period to period.

As a result of our adoption of ASU 2023-08, changes in the fair value of our bitcoin and other digital assets are recognized in net income in each reporting period. Accordingly, due in particular to the volatility in the price of bitcoin and other digital assets, our holdings of digital assets may increase the volatility of our financial results, and our results for periods following our adoption of ASU 2023-08 may not be directly comparable to periods prior to our adoption of the guidance.

Because we may purchase additional bitcoin in future periods and increase our overall holdings of BTC, ETH or other digital assets, we expect that the proportion of our total assets represented by our DAT holdings will increase in the future. As a result, due in particular to the fair value accounting required by ASU 2023-08, volatility in our earnings may be significantly more than what we experienced in prior periods.

The availability of spot exchange traded products (“ETPs”) for bitcoin and other digital assets may adversely affect the market price of our listed securities.

Although bitcoin and other digital assets have experienced a surge of investor attention since bitcoin was invented in 2008, until recently investors in the United States had limited means to gain direct exposure to bitcoin and other digital assets through traditional investment channels, and instead generally were only able to hold bitcoin or other digital assets through “hosted” wallets provided by digital asset service providers or through “unhosted” wallets that expose the investor to risks associated with loss or hacking of their private keys. Given the relative novelty of digital assets, general lack of familiarity with the processes needed to hold bitcoin directly, as well as the potential reluctance of financial planners and advisers to recommend direct bitcoin holdings to their retail customers because of the manner in which such holdings are custodied, some investors have sought exposure to bitcoin through investment vehicles that hold bitcoin and issue shares representing fractional undivided interests in their underlying bitcoin holdings. These vehicles, which were previously offered only to “accredited investors” on a private placement basis, have in the past traded at substantial premiums to net asset value, possibly due to the relative scarcity of traditional investment vehicles providing investment exposure to bitcoin.

On January 10, 2024, the SEC approved the listing and trading of spot bitcoin ETPs, the shares of which can be sold in public offerings and are traded on U.S. national securities exchanges. The approved ETPs commenced trading directly to the public on January 11, 2024, with a trading volume of \$4.6 billion on the first trading day. Additionally, on May 23, 2024, the SEC approved rule changes permitting the listing and trading of spot ETPs that invest in ether, the main crypto asset supporting the Ethereum blockchain. The approved spot ETPs commenced trading directly to the public on July 23, 2024. The listing and trading of spot ETPs for ether offers investors another alternative to gain exposure to digital assets, which could result in a decline in the trading price of bitcoin as well as a decline in the value of our common stock relative to the value of our bitcoin.

Although we are an operating company, and we believe we offer a different value proposition than a bitcoin investment vehicle such as a spot bitcoin ETP, investors may nevertheless view our common stock as an alternative to an investment in an ETP, and choose to purchase shares of a spot bitcoin ETP instead of our common stock. They may do so for a variety of reasons, including if they believe that ETPs offer a “pure play” exposure to bitcoin that is generally not subject to federal income tax at the entity level as we are, or the other risk factors applicable to an operating business, such as ours. Additionally, unlike spot bitcoin ETPs, we (i) do not seek for our shares of common stock to track the value of the underlying bitcoin or other digital asset we hold before payment of expenses and liabilities, (ii) do not benefit from various exemptions and relief under the Securities Exchange Act of 1934, as amended, including Regulation M, and other securities laws, which enable ETPs to continuously align the value of their shares to the price of the underlying assets they hold through share creation and redemption, (iii) are a Nevada corporation rather than a statutory trust, and do not operate pursuant to a trust agreement that would require us to pursue one or more stated investment objectives, and (iv) are not required to provide daily transparency as to our bitcoin holdings or our daily net asset value. Furthermore, recommendations by broker-dealers to buy, hold, or sell complex products and non-traditional ETPs, or an investment strategy involving such products, may be subject to additional or heightened scrutiny that would not be applicable to broker-dealers making recommendations with respect to our common stock. Based on how we are viewed in the market relative to ETPs, and other vehicles which offer economic exposure to bitcoin, such as bitcoin futures exchange-traded funds (“ETFs”), leveraged bitcoin futures ETFs, and similar vehicles offered on international exchanges, any premium or discount in our common stock relative to the value of our bitcoin holdings may increase or decrease in different market conditions.

As a result of the foregoing factors, availability of spot ETPs for bitcoin and other digital assets could have a material adverse effect on the market price of our listed securities.

Our DAT Strategy subjects us to enhanced regulatory oversight.

As noted above, several spot bitcoin ETPs have received approval from the SEC to list their shares on a U.S. national securities exchange with continuous share creation and redemption at net asset value. Even though we are not, and do not function in the manner of, a spot bitcoin ETP, it is possible that we nevertheless could face regulatory scrutiny from the SEC or other federal or state agencies due to our bitcoin holdings.

In addition, there has been increasing focus on the extent to which digital assets can be used to launder the proceeds of illegal activities, fund criminal or terrorist activities, or circumvent sanctions regimes, including those sanctions imposed in response to the ongoing conflict between Russia and Ukraine. While we have implemented and maintain policies and procedures reasonably designed to promote compliance with applicable anti-money laundering and sanctions laws and regulations and take care to only acquire our bitcoin through entities subject to anti-money laundering regulation and related compliance rules in the United States, if we are found to have purchased any of our bitcoin from bad actors that have used bitcoin to launder money or persons subject to sanctions, we may be subject to regulatory proceedings and any further transactions or dealings in bitcoin by us may be restricted or prohibited.

Our bitcoin holdings will serve as collateral securing our outstanding indebtedness to the Investors. In addition, we may incur indebtedness or enter into other financial instruments in the future that may be collateralized by our bitcoin or other digital asset holdings. We may also consider pursuing strategies to create income streams or otherwise generate funds using our digital asset holdings. These types of bitcoin- and cryptocurrency-related transactions are the subject of enhanced regulatory oversight. These and any other bitcoin- or cryptocurrency-related transactions we may enter into, beyond simply acquiring and holding BTC or ETH, may subject us to additional regulatory compliance requirements and scrutiny, including under federal and state money services regulations, money transmitter licensing requirements and various commodity and securities laws and regulations.

Additional laws, guidance and policies may be issued by domestic and foreign regulators following the filing for Chapter 11 bankruptcy protection by FTX, one of the world’s largest cryptocurrency exchanges, in November 2022, which brought increased regulatory scrutiny to the digital asset industry. Increased enforcement activity and changes in the regulatory environment, including changing interpretations and the implementation of new or varying regulatory requirements by the government or any new legislation affecting bitcoin, as well as enforcement actions involving or impacting our trading venues, counterparties and custodians, may impose significant costs or significantly limit our ability to hold and transact in bitcoin or other digital assets.

In addition, private actors that are wary of bitcoin, other digital assets, or the regulatory concerns associated with digital assets in general have in the past taken and may in the future take further actions that may have an adverse effect on our business or the market price of our listed securities.

Due to the unregulated nature and lack of transparency surrounding the operations of many bitcoin and digital asset trading venues, such trading venues may experience greater fraud, security failures or regulatory or operational problems than trading venues for more established asset classes, which may result in a loss of confidence in bitcoin trading venues and adversely affect the value of our bitcoin.

Bitcoin and other digital asset trading venues are relatively new and, in many cases, unregulated. Furthermore, there are many digital asset trading venues which do not provide the public with significant information regarding their ownership structure, management teams, corporate practices and regulatory compliance. As a result, the marketplace may lose confidence in BTC, ETH or other digital asset trading venues, including prominent exchanges that handle a significant volume of digital asset trading and/or are subject to regulatory oversight, in the event one or more bitcoin trading venues cease or pause for a prolonged period the trading of bitcoin or other digital assets, or experience fraud, significant volumes of withdrawal, security failures or operational problems.

In 2019 there were reports claiming that 80-95% of bitcoin trading volume on trading venues was false or non-economic in nature, with specific focus on unregulated exchanges located outside of the United States. The SEC also alleged as part of its June 5, 2023 complaint against Binance Holdings Ltd. that Binance committed strategic and targeted “wash trading” through its affiliates to artificially inflate the volume of certain digital assets traded on its exchange. The SEC has also brought recent actions against individuals and digital asset market participants alleging that such persons artificially increased trading volumes in certain digital assets through wash trades, or repeated buying and selling of the same assets in fictitious transactions to manipulate their underlying trading price. Such reports and allegations may indicate that the bitcoin market is significantly smaller than expected and that the United States makes up a significantly larger percentage of the bitcoin market than is commonly understood. Any actual or perceived wash trading in the bitcoin market, and any other fraudulent or manipulative acts and practices, could adversely affect the value of our bitcoin. Negative perception, a lack of stability in the broader bitcoin markets and the closure, temporary shutdown or operational disruption of bitcoin trading venues, lending institutions, institutional investors, institutional miners, custodians, or other major participants in the bitcoin ecosystem, due to fraud, business failure, cybersecurity events, government-mandated regulation, bankruptcy, or for any other reason, may result in a decline in confidence in bitcoin and the broader bitcoin ecosystem and greater volatility in the price of bitcoin. For example, in 2022, each of Celsius Network, Voyager Digital, Three Arrows Capital, FTX, and BlockFi filed for bankruptcy, after which the market prices of bitcoin and other digital assets significantly declined. In addition, in June 2023, the SEC announced enforcement actions against Coinbase, Inc., and Binance Holdings Ltd., two providers of large trading venues for digital assets, which similarly was followed by a decrease in the market price of bitcoin and other digital assets. These were followed in November 2023, by an SEC enforcement action against Payward Inc. and Payward Ventures Inc., together known as Kraken, another large trading venue for digital assets. As the price of our listed securities is affected by the value of our bitcoin holdings, the failure of a major participant in the bitcoin ecosystem could have a material adverse effect on the market price of our listed securities.

The concentration of our bitcoin holdings enhances the risks inherent in our DAT Strategy.

While we only just recently began our acquisition of bitcoin, we anticipate that the concentration of our bitcoin holdings will limit the risk mitigation that we could achieve if we were to purchase a more diversified portfolio of treasury assets, and the absence of diversification enhances the risks inherent in our DAT Strategy. Any future significant declines in the price of bitcoin would have a pronounced impact on our financial condition than if we used our cash to purchase a more diverse portfolio of assets.

The emergence or growth of other digital assets, including those with significant private or public sector backing, could have a negative impact on the price of bitcoin and adversely affect our business.

As a result of our DAT Strategy, our digital assets have been concentrated in BTC and ETH holdings. Accordingly, the emergence or growth of digital assets other than BTC or ETH may have a material adverse effect on our financial condition. However, there are numerous alternative digital assets and many entities, including consortiums and financial institutions, are researching and investing resources into private or permissioned blockchain platforms or digital assets that do not use proof-of-work mining like the Bitcoin network. For example, in late 2022, the Ethereum network transitioned to a “proof-of-stake” mechanism for validating transactions that requires significantly less computing power than proof-of-work mining. The Ethereum network has completed another major upgrade since then and may undertake additional upgrades in the future. If the mechanisms for validating transactions in Ethereum and other alternative digital assets are perceived as superior to proof-of-work mining, those digital assets could gain market share relative to bitcoin.

Other alternative digital assets that compete with bitcoin in certain ways include “stablecoins,” which are designed to maintain a constant price because of, for instance, their issuers’ promise to hold high-quality liquid assets (such as U.S. dollar deposits and short-term U.S. treasury securities) equal to the total value of stablecoins in circulation. Stablecoins have grown rapidly as an alternative to bitcoin and other digital assets as a medium of exchange and store of value, particularly on digital asset trading platforms.

Additionally, central banks in some countries have started to introduce digital forms of legal tender. For example, China’s CBDC project was made available to consumers in January 2022, and governments including the United States, the United Kingdom, the European Union, and Israel have been discussing the potential creation of new CBDCs. Whether or not they incorporate blockchain or similar technology, CBDCs, as legal tender in the issuing jurisdiction, could also compete with, or replace, bitcoin and other digital assets as a medium of exchange or store of value. As a result, the emergence or growth of these or other digital assets could cause the market price of bitcoin to decrease, which could have a material adverse effect on our business, prospects, financial condition, and operating results.

When acquired, our bitcoin holdings will be less liquid than our existing cash and cash equivalents and may not be able to serve as a source of liquidity for us to the same extent as cash and cash equivalents.

Historically, the bitcoin market has been characterized by significant volatility in price, limited liquidity and trading volumes compared to sovereign currencies markets, relative anonymity, a developing regulatory landscape, potential susceptibility to market abuse and manipulation, compliance and internal control failures at exchanges, and various other risks inherent in its entirely electronic, virtual form and decentralized network. During times of market instability, we may not be able to sell our bitcoin at favorable prices or at all. For example, a number of bitcoin trading venues temporarily halted deposits and withdrawals in 2022. As a result, our bitcoin holdings may not be able to serve as a source of liquidity for us to the same extent as cash and cash equivalents. Further, bitcoin we hold with our custodians and transact with our trade execution partners does not enjoy the same protections as are available to cash or securities deposited with or transacted by institutions subject to regulation by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. Additionally, we may be unable to enter into term loans or other capital raising transactions collateralized by our unencumbered bitcoin or otherwise generate funds using our bitcoin holdings, including in particular during times of market instability or when the price of bitcoin has declined significantly. If we are unable to sell our bitcoin, enter into additional capital raising transactions, including capital raising transactions using bitcoin as collateral, or otherwise generate funds using our bitcoin holdings, or if we are forced to sell our bitcoin at a significant loss, in order to meet our working capital requirements, our business and financial condition could be negatively impacted.

If we or our third-party service providers experience a security breach or cyberattack and unauthorized parties obtain access to our bitcoin, or if our private keys are lost or destroyed, or other similar circumstances or events occur, we may lose some or all of our bitcoin and our financial condition and results of operations could be materially adversely affected.

Substantially all of the bitcoin we own is held in custody accounts at institutional-grade digital asset custodians. Security breaches and cyberattacks are of particular concern with respect to our bitcoin. Bitcoin and other blockchain-based cryptocurrencies and the entities that provide services to participants in the bitcoin ecosystem have been, and may in the future be, subject to security breaches, cyberattacks, or other malicious activities. For example, in October 2021 it was reported that hackers exploited a flaw in the account recovery process and stole from the accounts of at least 6,000 customers of the Coinbase exchange, although the flaw was subsequently fixed and Coinbase reimbursed affected customers. Similarly, in November 2022, hackers exploited weaknesses in the security architecture of the FTX Trading digital asset exchange and reportedly stole over \$400 million in digital assets from customers. A successful security breach or cyberattack could result in:

- a partial or total loss of our bitcoin in a manner that may not be covered by insurance or the liability provisions of the custody agreements with the custodians who hold our bitcoin;
- harm to our reputation and brand;
- improper disclosure of data and violations of applicable data privacy and other laws; or
- significant regulatory scrutiny, investigations, fines, penalties, and other legal, regulatory, contractual and financial exposure.

Further, any actual or perceived data security breach or cybersecurity attack directed at other companies with digital assets or companies that operate digital asset networks, regardless of whether we are directly impacted, could lead to a general loss of confidence in the broader Bitcoin blockchain ecosystem or in the use of the Bitcoin network to conduct financial transactions, which could negatively impact us.

Attacks upon systems across a variety of industries, including industries related to bitcoin, are increasing in frequency, persistence, and sophistication, and, in many cases, are being conducted by sophisticated, well-funded and organized groups and individuals, including state actors. The techniques used to obtain unauthorized, improper or illegal access to systems and information (including personal data and digital assets), disable or degrade services, or sabotage systems are constantly evolving, may be difficult to detect quickly, and often are not recognized or detected until after they have been launched against a target. These attacks may occur on our systems or those of our third-party service providers or partners. We may experience breaches of our security measures due to human error, malfeasance, insider threats, system errors or vulnerabilities or other irregularities. Threats can come from a variety of sources, including criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage, and insiders. In addition, certain types of attacks could harm us even if our systems are left undisturbed. For example, certain threats are designed to remain dormant or undetectable, sometimes for extended periods of time, or until launched against a target and we may not be able to implement adequate preventative measures. Further, there has been an increase in such activities due to the increase in work-from-home arrangements since the onset of the COVID-19 pandemic. The risk of cyberattacks could also be increased by cyberwarfare in connection with the ongoing Russia-Ukraine and Israel-Hamas conflicts, or other future conflicts, including potential proliferation of malware into systems unrelated to such conflicts. Any future breach of our operations or those of others in the bitcoin industry, including third-party services on which we rely, could materially and adversely affect our business.

We face risks relating to the custody of our bitcoin, including the loss or destruction of private keys required to access our bitcoin and cyberattacks or other data loss relating to our bitcoin.

We hold, or will hold, our bitcoin with regulated custodians that have duties to safeguard our private keys. Our custodial services contracts do not restrict our ability to reallocate our bitcoin among our custodians, and our bitcoin holdings may be concentrated with a single custodian from time to time. In light of the significant amount of bitcoin we hold, we continually seek to engage additional custodians to achieve a greater degree of diversification in the custody of our bitcoin as the extent of potential risk of loss is dependent, in part, on the degree of diversification. If there is a decrease in the availability of digital asset custodians that we believe can safely custody our bitcoin, for example, due to regulatory developments or enforcement actions that cause custodians to discontinue or limit their services in the United States, we may need to enter into agreements that are less favorable than our current agreements or take other measures to custody our bitcoin, and our ability to seek a greater degree of diversification in the use of custodial services would be materially adversely affected.

The insurance that covers losses of our bitcoin holdings covers only a small fraction of the value of the entirety of our bitcoin holdings, and there can be no guarantee that such insurance will be maintained as part of the custodial services we have or that such coverage will cover losses with respect to our bitcoin. Moreover, our use of custodians exposes us to the risk that the bitcoin our custodians hold on our behalf could be subject to insolvency proceedings and we could be treated as a general unsecured creditor of the custodian, inhibiting our ability to exercise ownership rights with respect to such bitcoin. Any loss associated with such insolvency proceedings is unlikely to be covered by any insurance coverage we maintain related to our bitcoin.

Bitcoin is controllable only by the possessor of both the unique public key and private key(s) relating to the local or online digital wallet in which the bitcoin is held. While the Bitcoin blockchain ledger requires a public key relating to a digital wallet to be published when used in a transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the bitcoin held in such wallet. To the extent the private key(s) for a digital wallet are lost, destroyed, or otherwise compromised and no backup of the private key(s) is accessible, neither we nor our custodians will be able to access the bitcoin held in the related digital wallet. Furthermore, we cannot provide assurance that our digital wallets, nor the digital wallets of our custodians held on our behalf, will not be compromised as a result of a cyberattack. The bitcoin and blockchain ledger, as well as other digital assets and blockchain technologies, have been, and may in the future be, subject to security breaches, cyberattacks, or other malicious activities.

Regulatory change reclassifying bitcoin as a security could lead to our classification as an “investment company” under the Investment Company Act of 1940 and could adversely affect the market price of bitcoin and the market price of our listed securities.

While we are only just commencing our DAT Strategy, in the future our assets may be concentrated in bitcoin holdings. While senior SEC officials have stated their view that bitcoin is not a “security” for purposes of the federal securities laws, a contrary determination by the SEC could lead to our classification as an “investment company” under the Investment Company Act of 1940, which would subject us to significant additional regulatory controls that could have a material adverse effect on our ability to execute on our DAT Strategy, and our business and operations and may also require us to substantially change the manner in which we conduct our business.

In addition, if bitcoin is determined to constitute a security for purposes of the federal securities laws, the additional regulatory restrictions imposed by such a determination could adversely affect the market price of bitcoin and in turn adversely affect the market price of our listed securities.

We monitor our assets and income in order to conduct our business activities in a manner such that we do not fall within the definition of “investment company” under the 1940 Act or would qualify under one of the exemptions or exclusions provided by the 1940 Act and corresponding SEC rules. If bitcoin is determined to be a security for purposes of the federal securities laws, we would take steps to reduce our holdings of bitcoin as a percentage of our total assets. These steps may include, among others, selling bitcoin that we might otherwise hold for the long term and deploying our cash in assets that are not considered to be investment securities under the 1940 Act, in which case we may be forced to sell our bitcoin at unattractive prices. We may also seek to acquire additional assets that are not considered to be investment securities under the 1940 Act, and we may need to incur debt, issue additional equity or enter into other financing arrangements that are not otherwise attractive to our business. Any of these actions could have a material adverse effect on our results of operations and financial condition. Moreover, we can make no assurance that we would successfully be able to take the necessary steps to avoid meeting the definition of “investment company” under the 1940 Act and becoming subject to its requirements. If bitcoin is determined to constitute a security for purposes of the federal securities laws, and if we are not able to come within an available exemption or exclusion under the 1940 Act, then we would have to register as an investment company and require us to change the manner in which we conduct our business. In addition, such a determination could adversely affect the market price of bitcoin and in turn adversely affect the market price of our common stock.

We are not subject to legal and regulatory obligations that apply to investment companies such as mutual funds and exchange-traded funds, or to obligations applicable to investment advisers.

Mutual funds, ETFs and their directors and management are subject to extensive regulation as “investment companies” and “investment advisers” under U.S. federal and state law; this regulation is intended for the benefit and protection of investors. We are not subject to, and do not otherwise voluntarily comply with, these laws and regulations. This means, among other things, that the execution of or changes to our Treasury Reserve Policy or our DAT Strategy, our use of leverage, the manner in which our bitcoin is custodied, our ability to engage in transactions with affiliated parties and our operating and investment activities generally are not subject to the extensive legal and regulatory requirements and prohibitions that apply to investment companies and investment advisers. For example, although a significant change to our DAT Strategy would require the approval of our board of directors, no shareholder or regulatory approval would be necessary. Consequently, our board of directors has broad discretion over the investment, leverage and cash management policies it authorizes, whether in respect of our bitcoin holdings or other activities we may pursue, and has the power to change our current policies, including our strategy of acquiring and holding bitcoin.

Our DAT Strategy exposes us to risk of non-performance by counterparties.

Our DAT Strategy exposes us to the risk of non-performance by counterparties, whether contractual or otherwise. Risk of non-performance includes inability or refusal of a counterparty to perform because of a deterioration in the counterparty’s financial condition and liquidity or for any other reason. For example, our execution partners, custodians, or other counterparties might fail to perform in accordance with the terms of our agreements with them, which could result in a loss of bitcoin, a loss of the opportunity to generate funds, or other losses.

Our primary counterparty risk with respect to our bitcoin is custodian performance obligations under the various custody arrangements we have entered into. A series of recent high-profile bankruptcies, closures, liquidations, regulatory enforcement actions and other events relating to companies operating in the digital asset industry, including the filings for bankruptcy protection by Three Arrows Capital, Celsius Network, Voyager Digital, FTX Trading and Genesis Global Capital, the closure or liquidation of certain financial institutions that provided lending and other services to the digital assets industry, including Signature Bank and Silvergate Bank, SEC enforcement actions against Coinbase, Inc., Binance Holdings Ltd., and Kraken, the placement of Prime Trust, LLC into receivership following a cease-and-desist order issued by Nevada’s Department of Business and Industry, and the filing and subsequent settlement of a civil fraud lawsuit by the New York Attorney General against Genesis Global Capital, its parent company Digital Currency Group, Inc., and former partner Gemini Trust Company have highlighted the perceived and actual counterparty risk applicable to digital asset ownership and trading. Although these bankruptcies, closures and liquidations have not resulted in any loss or misappropriation of our bitcoin, nor have such events adversely impacted our access to our bitcoin, legal precedent created in these bankruptcy and other proceedings may increase the risk of future rulings adverse to our interests in the event one or more of our custodians becomes a debtor in a bankruptcy case or is the subject of other liquidation, insolvency or similar proceedings.

While our custodians are subject to regulatory regimes intended to protect customers in the event of a custodial bankruptcy, receivership or similar insolvency proceeding, no assurance can be provided that our custodially-held bitcoin will not become part of the custodian’s insolvency estate if one or more of our custodians enters bankruptcy, receivership or similar insolvency proceedings. Additionally, if we pursue any strategies to create income streams or otherwise generate funds using our bitcoin holdings, we would become subject to additional counterparty risks. Any significant non-performance by counterparties, including in particular the custodians with which we custody substantially all of our bitcoin, could have a material adverse effect on our business, prospects, financial condition, and operating results.

Our financial results and the market price of our common stock may be affected by the price of Bitcoin.

As part of our capital allocation strategy for assets that are not required to provide working capital for our ongoing operations, we have invested and may continue to invest in bitcoin. After closing on the sale of Series A Convertible Notes and Series B Convertibles, we purchased and sold digital assets, which will remain in a controlled account. The price of bitcoin has historically been subject to dramatic price fluctuations and is highly volatile. Moreover, digital assets, such as bitcoin, are relatively novel and the application of securities laws and other regulations to such assets is unclear in many respects. It is possible that regulators may interpret laws in a manner that adversely affects the liquidity or value of bitcoin.

Any decrease in the fair value of bitcoin would result in a loss recognized in our net income for the applicable reporting period, which could be material to our financial results, which may create significant volatility in our reported earnings. Any decrease in reported earnings or increased volatility of such earnings could have a material adverse effect on the market price of our common stock. In addition, accounting guidance applicable to digital assets may continue to evolve, and any future changes in the manner in which we account for our bitcoin assets could have a material adverse effect on our financial results and the market price of our common stock.

In addition, if investors view the value of our common stock as dependent upon or linked to the value or change in the value of our bitcoin holdings, the price of bitcoin may significantly influence the market price of our common stock.

The price of our common stock has been and may continue to be volatile and fluctuate substantially, which could result in substantial losses for purchasers of our common stock.

Our stock price has been and is likely to continue to be volatile. The stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. With the adoption of our new bitcoin treasury strategy, we expect to see additional volatility. As a result of this volatility, you may not be able to sell your common stock. The market price for our common stock may be influenced by many factors, including:

- our bitcoin treasury strategy;
- the success of competitive products, services or technologies;
- regulatory or legal developments in the United States and other countries;
- the recruitment or departure of key personnel;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- general economic, industry and market conditions; and
- the other factors described in this “[Risk Factors](#)” section.

Our bitcoin holdings are less liquid than our existing cash and cash equivalents and may not be able to serve as a source of liquidity for us to the same extent as cash and cash equivalents.

Historically, the crypto markets have been characterized by significant volatility in price, limited liquidity and trading volumes compared to sovereign currencies markets, relative anonymity, a developing regulatory landscape, potential susceptibility to market abuse and manipulation, compliance and internal control failures at exchanges, and various other risks inherent in its entirely electronic, virtual form and decentralized network. During times of market instability, we may not be able to sell our bitcoin at favorable prices or at all. Further, bitcoin we hold with our custodians and transact with our trade execution partners does not enjoy the same protections as are available to cash or securities deposited with or transacted by institutions subject to regulation by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. Additionally, we may be unable to enter into term loans or other capital raising transactions collateralized by our digital assets or otherwise generate funds using our bitcoin holdings, including in particular during times of market instability or when the price of bitcoin has declined significantly. If we are unable to sell our bitcoin, enter into additional capital raising transactions using bitcoin as collateral, or otherwise generate funds using our bitcoin holdings, or if we are forced to sell our bitcoin at a significant loss, in order to meet our working capital requirements, our business and financial condition could be negatively impacted.

We are not subject to legal and regulatory obligations that apply to investment companies such as mutual funds and exchange-traded funds, or to obligations applicable to investment advisers.

Mutual funds, exchange-traded funds and their directors and management are subject to extensive regulation as “investment companies” and “investment advisers” under U.S. federal and state law; this regulation is intended for the benefit and protection of investors. We are not subject to, and do not otherwise voluntarily comply with, these laws and regulations. This means, among other things, that the execution of or changes to our DAT Strategy, our use of leverage, the manner in which our bitcoin is custodied, our ability to engage in transactions with affiliated parties and our operating and investment activities generally are not subject to the extensive legal and regulatory requirements and prohibitions that apply to investment companies and investment advisers. For example, although a significant change to our Treasury Reserve Policy would require the approval of our board of directors, no stockholder or regulatory approval would be necessary. Consequently, our board of directors has broad discretion over the investment, leverage and cash management policies it authorizes, whether in respect of our bitcoin holdings or other activities we may pursue, and has the power to change our current policies, including our strategy of acquiring and holding digital assets.

We face other risks related to our DAT Strategy.

Our DAT Strategy exposes us to various risks, including the following:

- bitcoin and other digital assets are subject to significant legal, commercial, regulatory, and technical uncertainty, and our DAT Strategy could subject us to enhanced regulatory oversight;
- regulatory changes could impact our ability to operate validators or receive rewards;
- regulatory scrutiny of the Company’s activities may increase, potentially limiting our operations;
- potential litigation risks exist related to smart contract vulnerabilities, validator operations, or our business activities;
- uncertainty around bitcoin’s regulatory status may impact our ability to list on certain exchanges;
- changes in political administration may not guarantee a favorable regulatory environment for bitcoin;
- increased regulatory focus on Layer-1 blockchains beyond Bitcoin and Ethereum could result in new compliance requirements.

Risks Related to Our Business and Products

We sell proprietary brand offerings, as well as third party brands, which could expose us to various risks.

We rely on different intellectual property rights, including trade secrets and trademarks and the strength of our proprietary brands, which we consider important to our business. If we are unable to protect or preserve the value of our intellectual property rights for any reason, or if we fail to maintain our brand image due to actual or perceived product or service quality issues, adverse publicity, governmental investigations or litigation, or other reasons, our brand and reputation could be damaged, and our business may be harmed.

Although we believe that our proprietary brand products offer significant value to our customers at each price point and provide us with higher gross margins than sales of comparable third-party branded products, expanding our proprietary brand offerings subjects us to certain specific risks in addition to those discussed elsewhere in this section, such as:

- potential mandatory or voluntary product recalls in the event of product defects or other issues;
- the measures we take may not effectively or sufficiently protect and/or maintain the intellectual property, and proprietary rights associated with our products and business;
- we may be required to heavily invest in marketing such proprietary branded products;
- our ability to successfully innovate and obtain, maintain, protect and enforce our intellectual property and proprietary rights (including defending against counterfeit, knock offs, grey-market, infringing or otherwise unauthorized goods); and
- our ability to successfully navigate and avoid claims related to the intellectual property and proprietary rights of third parties, which, if successful, could force us to modify or discontinue products, pay significant damages or enter into expensive licensing arrangements with the prevailing party, in addition to other harm, including to our reputation or financial results.

An increase in sales of our proprietary brands may also adversely affect our sales of the products of certain of our vendors which may, in turn, adversely affect our relationship with such vendors. Our failure to adequately address some or all of these risks could have a material adverse effect on our business, results of operations and financial condition.

Our competitors and potential competitors may develop products and technologies that are more effective or commercially attractive than our products.

Our products compete against national and regional products and in-house branded products produced by various suppliers, many of which are established companies that provide products that perform functions similar to our products. Our competitors may develop or market products that are more effective or commercially attractive than our current or future products. Some of our competitors have substantially greater financial, operational, marketing, and technical resources than we do. Moreover, some of these competitors may offer a broader array of products and sell their products at prices lower than ours and may have greater name recognition. In addition, if demand for our specialty indoor gardening supplies and products continues to grow, we may face competition from new entrants into our field. Due to this competition, there is no assurance that we will not encounter difficulties in generating or increasing revenues and capturing market share. In addition, increased competition may lead to reduced prices and/or margins for products we sell. We may not have the financial resources, relationships with key suppliers, technical expertise or marketing, distribution, or support capabilities to compete successfully in the future.

We may not be able to successfully develop new products or improve existing products or maintain our effectiveness in reaching consumers through rapidly evolving communication vehicles.

Our future success depends, in part, upon our ability to improve our existing products and to develop, manufacture and market new products to meet evolving consumer needs. We cannot be certain that we will be successful in developing, manufacturing and marketing new products or product innovations which satisfy consumer needs or achieve market acceptance, or that we will develop, manufacture and market new products or product innovations in a timely manner. If we fail to successfully develop, manufacture and market new products or product innovations, or if we fail to reach existing and potential consumers, our ability to maintain or grow our market share may be adversely affected, which in turn could materially adversely affect our business, financial condition and results of operations. In addition, the development and introduction of new products and product innovations require substantial research, development, and marketing expenditures, which we may be unable to recoup if such new products or innovations do not achieve market acceptance.

Many of the products we distribute and market, such as our fertilizers and nutrients, contain ingredients that are subject to regulatory approval or registration with certain U.S. state regulators. The need to obtain such approval or registration could delay the launch of new products or product innovations that contain ingredients or otherwise prevent us from developing and manufacturing certain products and product innovations.

The availability and cost of transportation for our products is vital to our success, and the loss of availability or increase in the cost of transportation or freight costs could have an unfavorable impact on our business, results of operations, financial condition, and cash flows.

Our ability to obtain adequate and reasonably priced means of transportation to import and distribute our products is a key factor in our success. Delays in transportation, including weather-related delays and disruptions due to a pandemic or similar public health emergency, could have a material adverse effect on our business and results of operations. Further, higher fuel costs and increased line haul costs due to industry capacity constraints, customer delivery requirements and a more restrictive regulatory environment, could negatively impact our financial results. If we were unable to pass higher freight costs to our customers in the form of price increases, those higher costs could have a material adverse effect on our business, results of operations, financial condition and cash flows. Further, an increase in the selling prices for our products resulting from a pass-through of increased freight costs could also have an adverse impact on the volume of products we sell, and as a result, our business, financial condition, and operating results may suffer.

The ongoing conflict between Russia and Ukraine may adversely affect our business, financial condition, or results of operations.

On February 24, 2022, Russia initiated a military offensive in Ukraine. While neither Ukraine nor Russia is a key supplier of ours, the scope, intensity, duration and outcome of the ongoing war is uncertain and its continuation or escalation could have a material adverse effect on iPower due to the general impact on the global supply chain and prices of certain commodities. While we presently have no business or direct trade relationships with entities located in Russia or Ukraine, the ongoing conflict between Russia and Ukraine could potentially cause supply chain disruptions that could disrupt our business should any of our end-suppliers rely on supplies, products or shipments from those regions.

In response to the war, the United States, other North Atlantic Treaty Organization (“NATO”) member states, as well as non-member states, have announced targeted economic sanctions on Russia, certain Russian citizens and enterprises. Any continuation or escalation of the war may trigger a series of additional economic and other sanctions. Certain companies have experienced negative reactions from their investors, employees, customers, or other stakeholders as a result of their action or inaction related to the war between Russia and Ukraine. We continue to monitor the reactions of our investors, employees, customers and other stakeholders and, as of the date of this report, have neither experienced any material adverse financial impacts nor suffered from the loss of key customers or employees.

In addition, the risk of cybersecurity incidents has increased in connection with the ongoing war, driven by justifications such as retaliation for the sanctions imposed in conjunction with the war, or in response to certain companies' continued operations in Russia. For example, the war has been accompanied by cyberattacks against the Ukrainian government and other countries in the region. It is possible that these attacks could have collateral effects on additional critical infrastructure and financial institutions globally, which could adversely affect our operations and could increase the frequency and severity of cyber-based attacks against our information technology systems. While we have taken actions to mitigate such potential risks, the proliferation of malware from the war into systems unrelated to the war or cyberattacks against U.S. companies in retaliation for U.S. sanctions against Russia or U.S. support of Ukraine, could also adversely affect our operations.

We insure ourselves against many types of risks; however, while this insurance may mitigate certain of the risks associated with the ongoing war, our level of insurance may not cover all losses we could incur. The potential effects of these conditions could have a material adverse effect on our business, results of operations and financial condition.

The occurrence of any epidemic or pandemic, including but not limited to COVID-19 or similar infectious diseases, and any resurgence in related infections, whether in the U.S., China or elsewhere, along with efforts to mitigate their impact, could adversely affect our business, liquidity, operations, financial condition, the business of our suppliers, vendors and logistic partners, and the price of our securities.

The emergence of any epidemic or pandemic, and the measures taken to combat such health crises by public health authorities and governments at local, national, and international levels, may have significant adverse effects on our business. These measures, which may directly or indirectly impact our operations, include but are not limited to:

- Voluntary or mandatory quarantines;
- Restrictions on travel;
- Limitations on gatherings in public places;
- Temporary closures of non-essential businesses;
- Supply chain disruptions; and
- Changes in consumer behavior and spending patterns.

In the event of a future epidemic or pandemic, we cannot predict the duration of such an outbreak, the effectiveness of our response, or the full extent of the disruption to our operations. The impact may vary depending on the nature and severity of the health crisis, as well as the specific measures implemented to contain its spread and mitigate its effects.

Furthermore, even after an epidemic or pandemic subsides, we may continue to experience adverse effects to our business as a result of a pandemic's overall global economic impact, including any recession, economic downturn or increased unemployment that has occurred or may occur in the future.

We have a limited operating history on which stockholders and potential investors can evaluate our business or base an investment decision.

Our business prospects are difficult to predict given our limited operating history and unproven business strategy. While we inherited in 2018 the business of our predecessor entity, BizRight LLC, an entity through which we acquired certain assets and assumed certain liabilities, we did not begin operations under iPower Inc. (formerly BZRT Inc.) until our formation in April 2018. If we are unable to effectively maintain our relationships with third-party vendors and suppliers, manage our e-commerce supply chain operations, as well as other sales platforms/distribution network, our business is unlikely to succeed. Our business should be viewed in light of these risks, challenges and uncertainties. In addition, we only began implementing our DAT strategy in December 2025, so, we have only limited experience in that area and cannot assure investors that we will be successful in executing on this strategy.

Poor economic conditions could adversely affect our business.

Uncertain global economic conditions, particularly in light of the COVID-19 pandemic, could adversely affect our business. During the COVID-19 pandemic, some of the effects of which are still ongoing, there have been ongoing negative global economic trends, such as decreased consumer and business spending, higher than normal unemployment levels and declining consumer and business confidence. All of these issues have posed challenges to our business and could result in declining revenues, profitability and cash flow. Although we continue to devote significant resources to support our brands, unfavorable economic conditions may negatively affect demand for our products. Our most price-sensitive customers may trade down to lower priced products during challenging economic times or if current economic conditions worsen, while other customers may reduce discretionary spending during periods of economic uncertainty, which could reduce sales volumes of our products in favor of our competitors' products or result in a shift in our product mix from higher margin to lower margin products.

Heightened inflation, increased interest rates and other economic conditions including potential recession and credit market disruptions could negatively impact our business.

Customer demand for our products may be influenced by heightened inflation, increased interest rates and other weak economic conditions including recessionary conditions and credit market disruptions and volatility. Continued weak economic conditions may cause a decrease in demand for our products from our customers. In addition, these economic conditions may adversely impact certain customers, suppliers and other vendors who are highly leveraged. Accordingly, in an environment of heightened inflation, increased interest rates or other recessionary pressures, our business, financial condition and results of operation may be adversely impacted.

Volatile or weakened economic conditions in the U.S. and globally may adversely affect our business and operating results. Moreover, while the recent banking crisis involving the closure of Silicon Valley Bank ("SVB") and other small banks did not have a material direct impact on our business, continued instability in the global banking system may result in additional bank failures, as well as volatility of global financial markets, either of which may adversely impact our business and financial condition.

Our overall performance depends in part on U.S. and international macroeconomic conditions. The U.S. and other key international economies, including China, have experienced and may in the future experience significant economic and market downturns in which economic activity is impacted by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, inflation, bankruptcies and overall uncertainty with respect to the economy. These economic conditions can arise suddenly and the full impact of such conditions are impossible to predict. In addition, geopolitical and domestic political developments, such as existing and potential trade wars and other events beyond our control, such as the war in Ukraine and the trade war between the U.S. and China, can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets.

Moreover, there has been recent turmoil in the global banking system. For example, in March 2023, SVB was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation, or the FDIC, as receiver. First-Citizens Bank & Trust Company then assumed all of SVB's customer deposits and certain other liabilities and acquired substantially all of SVB's loans and certain other assets from the FDIC. While the closure of SVB, and the subsequent failures of Signature Bank, First Republic Bank and Heartland Tri-State Bank, did not have a material direct impact on our business, continued instability in the global banking system may result in additional bank failures, as well as volatility of global financial markets, either of which may adversely impact our business and financial condition.

Government efforts to combat inflation, along with other interest rate pressures arising from an inflationary economic environment, could lead to higher financing costs.

Inflation has risen on a global basis, the U.S. has been experiencing historically high levels of inflation, and government entities have taken various actions to combat inflation, such as by raising interest rate benchmarks. Government entities may continue their efforts, or implement additional efforts, to combat inflation, which could include, among other things, continuing to raise interest rate benchmarks or maintaining interest rate benchmarks at elevated levels. Such government efforts, along with other interest rate pressures arising from an inflationary economic environment, could lead to higher financing costs and have a material adverse effect on our business, financial condition and results of operations.

We rely heavily on our access to the China markets for the production of our products; should U.S. and China trade relations further deteriorate, and should the ongoing trade war continue, our supply chain, and thus our operations and revenues, could be subject to deleterious effects.

We are heavily reliant on manufacturers in China to produce many of the goods we sell. Most of products we purchased for resale during the fiscal year ended June 30, 2026 were manufactured in and imported from China while others are domestically sourced. The U.S. and China have been involved in ongoing trade disputes, resulting in increased tariffs when such goods arrive in the U.S., among other things. Any changes in U.S. trade policy, or an escalation in the ongoing trade disputes, could trigger retaliatory actions, resulting in “trade wars” and an increase in costs for goods imported into the United States. Such actions could disrupt our supply chain. In addition, increased tariffs could, in turn, reduce customer demand for such products as such tariffs could cause us to have to increase the price at which we sell our goods, or it could result in trading partners limiting their trade with the United States. To date, iPower has absorbed some of the costs related to increased tariffs. We also passed some costs on to consumers, such increase could cut into our competitive advantage and our volume of sales activity in the United States could be materially reduced. Any such reduction may materially and adversely affect our sales and our business.

We face intense competition that could prohibit us from developing or increasing our customer base.

The industry is highly competitive. We may compete with companies that have greater capital resources and facilities. More established companies with much greater financial resources which do not currently compete with us may be able to easily adapt their existing operations to sell similar products. Our competitors may also introduce new, and manufacturers may sell equipment direct to consumers. Due to this competition, there is no assurance that we will not encounter difficulties in increasing revenues and maintaining and/or increasing market share. In addition, increased competition may lead to reduced prices and/or margins for products we sell.

If we need additional capital to fund the expansion of our operations, we may not be able to obtain sufficient capital on terms favorable to us and may be forced to limit the expansion of our operations.

In connection with our growth strategies, we may experience increased capital needs and, accordingly, we may not have sufficient capital to fund the future expansion of our operations without additional capital investments. There can be no assurance that additional capital will be available to us on terms favorable to us or at all. If we cannot obtain sufficient capital to fund our expansion, we may be forced to limit the scope of our acquisitions and growth prospects.

Our business depends substantially on the continuing efforts of our executive officers and our business may be severely disrupted if we lose their services.

Our future success depends substantially on the continued services of our executive officers, especially our Chairman, Chief Executive Officer, President and Interim Chief Financial Officer, Chenlong Tan. We do not presently maintain key man life insurance on any of our executive officers or directors, although we intend to obtain such insurance in the near future. If one or more of our executive officers are unable or unwilling to continue in their present positions, we may not be able to replace them readily, if at all. The loss of any of our executive officers could cause our business to be disrupted, and we may incur additional and unforeseen expenses to recruit and retain new officers.

If we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

Our ability to compete in the highly competitive industry depends in large part upon our ability to attract highly qualified managerial and sales personnel. In order to induce valuable employees to come and work for us and to remain with us, we may provide employees with stock options, restricted stock, restricted stock units that vest over time. The value to employees of such incentive stock and stock options that vest over time will be significantly affected by movements in our stock price that we will not be able to control and may at any time be insufficient to counteract more lucrative offers our employees may receive from other companies. Our success also depends on our ability to continue to attract, retain and motivate highly skilled junior, mid-level and senior personnel. Certain of our executive officers have employment agreements but these agreements do not guarantee us the continued services of such employees. Further, we do not currently offer any health care or retirement benefits to any of our employees, and many of our more established competitors may offer more competitive compensation packages for the kind of personnel that is critical to our company's survival and success. If we have difficulty identifying, attracting, hiring, training and retaining such qualified personnel, or incur significant costs in order to do so, our business and financial results could be negatively impacted. For example, offering competitive compensation packages may significantly increase our operating expenses and negatively impact our gross profits. Further, the loss of our executive officers or our other key personnel, particularly with little or no notice, could cause delays on business developments and projects and could have an adverse impact on our customers and industry relationships, our business, operating results, or financial condition.

In order to increase our sales and marketing infrastructure, we will need to grow the size of our organization, and we may experience difficulties in managing this growth.

As we continue to work to increase our presence across the market, we will need to expand the size of our employee base for managerial, operational, sales, marketing, financial, human resources, and other areas of specialization. Future growth would impose significant added responsibilities on members of management, including the need to identify, recruit, maintain, motivate, and integrate additional employees. In addition, our management may have to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. Our future financial performance and our ability to continue to grow our operation and effectively compete in the industry will depend in part on our ability to effectively manage any future growth.

Acquisitions, other strategic alliances, and investments could result in operating difficulties, dilution, and other harmful consequences that may adversely impact our business and results of operations.

Acquisitions are an important element of our overall corporate development strategy and use of capital, and such transactions could be material to our financial condition and results of operations. We expect to continue to evaluate and enter into discussions regarding a wide array of potential acquisition targets and strategic transactions. The areas where we may face risks in connection with such acquisitions include, but are not limited to, the failure to successfully further develop the acquired business, the implementation or remediation of controls, procedures and policies at the acquired business, the transition of employees, operations, users and customers onto our existing platforms, and cultural challenges associated with integrating employees from the acquired business into our organization, and the continued retention of such employees going forward. Our failure to address these risks or other problems encountered in connection with our acquisitions could cause us to fail to realize the anticipated benefits of such acquisitions, investments or alliances, incur unanticipated liabilities, and harm our business generally.

Our acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses, or impairment of goodwill and purchased long-lived assets, and restructuring charges, any of which could harm our financial condition or results of operations and cash flows. In addition, the anticipated benefits and synergies of many of our acquisitions may not materialize.

Our ongoing investment in and development of our new in-house branded product line is inherently risky and could disrupt our ongoing businesses.

We have invested and expect to continue to invest in our own in-house branded product lines. Such endeavors may involve significant risks and uncertainties, including insufficient revenues to offset liabilities assumed and expenses associated with this new investment, inadequate return of capital on our investment, and unidentified issues not discovered in our assessment of such strategy and offerings. Because this venture is inherently risky, no assurance can be given that such strategy and offerings will be successful and will not adversely affect our reputation, financial condition, and operating results.

Our reliance on third-party manufacturers could harm our business.

We rely on third parties to manufacture certain of our products. This reliance generates a number of risks, including decreased control over the production process, which could lead to production delays or interruptions and inferior product quality control. In addition, performance problems at these third-party manufacturers could lead to cost overruns, shortages, or other problems, which could increase our costs of production or result in delivery delays to our customers.

In addition, if one or more of our third-party manufacturers becomes insolvent or unwilling to continue to manufacture products of acceptable quality, at acceptable costs and in a timely manner, our ability to deliver products to our retail customers could be significantly impaired. Substitute manufacturers may not be available or, if available, may be unwilling or unable to manufacture the products we need on acceptable terms. Moreover, if customer demand for our products increases, we may be unable to secure sufficient additional capacity from our current third-party manufacturers, or others, on commercially reasonable terms, or at all.

Our reliance on a limited base of suppliers for certain products may result in disruptions to our business and adversely affect our financial results.

We rely on a limited number of suppliers for certain of our products and supplies. Such reliance on a limited number of suppliers may increase our risk of experiencing disruptions in our business. As we do not have any long-term supply agreements, in the event we are unable to maintain supplier arrangements and relationships, if we are unable to contract with suppliers at the quantity and quality levels needed for our business, if any of our key suppliers becomes insolvent or experience other financial distress including with respect to staffing and shipping of products, we could experience disruptions in our supply chain, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Although we continue to implement risk-mitigation strategies for single-source suppliers, we rely on a limited number of suppliers for certain of our products. If we are unable to maintain supplier arrangements and relationships, if we are unable to contract with suppliers at the quantity and quality levels needed for our business, or if any of our key suppliers becomes insolvent or experience other financial distress, we could experience disruptions in production, which could have a material adverse effect on our financial condition, results of operations and cash flows.

A significant interruption in the operation of our or our suppliers' facilities could impact our capacity to produce products and service our customers, which could adversely affect revenues and earnings.

Operations at our and our suppliers' facilities are subject to disruption for a variety of reasons, including fire, flooding or other natural disasters, disease outbreaks or pandemics, acts of war, terrorism, government shut-downs and work stoppages. A significant interruption in the operation of our or our suppliers' facilities, especially for those products manufactured at a limited number of facilities, such as fertilizer and liquid products, could significantly impact our capacity to sell products and service our customers in a timely manner, which could have a material adverse effect on our customer relationships, revenues, earnings, and financial position.

If our suppliers are unable to source raw materials in sufficient quantities, on a timely basis, and at acceptable costs, our ability to sell our products may be harmed.

The manufacture of some of our products is complex and requires precise high-quality manufacturing that is difficult to achieve. We have in the past, and may in the future, experience difficulties in manufacturing our products on a timely basis and in sufficient quantities. These difficulties have primarily related to difficulties associated with ramping up production of newly introduced products and may result in increased delivery lead-times and increased costs of manufacturing these products. Our failure to achieve and maintain the required high manufacturing standards could result in further delays or failures in product testing or delivery, cost overruns, product recalls or withdrawals, increased warranty costs or other problems that could harm our business and prospects.

In determining the required quantities of our products and the manufacturing schedule, we must make significant judgments and estimates based on historical experience, inventory levels, current market trends and other related factors. Because of the inherent nature of estimates, there could be significant differences between our estimates and the actual amounts of products we require, which could harm our business and results of operations.

Disruptions in availability or increases in the prices of raw materials sourced by suppliers could adversely affect our results of operations.

We source many of our product components from outside of the United States. The general availability and price of those components can be affected by numerous forces beyond our control, including political instability, the conflict between Russia and Ukraine, trade restrictions and other government regulations, duties and tariffs, price controls, changes in currency exchange rates and weather. A significant disruption in the availability of any of our key product components could negatively impact our business. In addition, increases in the prices of key commodities and other raw materials could adversely affect our ability to manage our cost structure. Market conditions may limit our ability to raise selling prices to offset increases in our raw material costs. Our proprietary technologies can limit our ability to locate or utilize alternative inputs for certain products. For certain inputs, new sources of supply may have to be qualified under regulatory standards, which can require additional investment and delay bringing a product to market.

If our suppliers that currently, or in the future, sell directly to the retail market in which we conduct our current or future business, enhance these efforts and cease or decrease their sales through us, our ability to sell certain products could be harmed.

Our distribution and sales and marketing capabilities provide significant value to our suppliers. Distributed brand suppliers sell through us in order to access thousands of retail and commercial customers across the United States with short order lead times, no minimum order quantity on individual items, free or minimal freight expense and trade credit terms. Based on our knowledge and communication with our suppliers, we believe some of our suppliers sell directly to the retail market. If these suppliers were to cease working with us or proceed to enhance their direct-to-customer efforts, our product offerings, reputation, operation and business could be materially adversely affected.

Our operations may be impaired if our information technology systems fail to perform adequately or if we are the subject of a data breach or cyber-attack.

We rely on information technology systems to conduct our business, including communicating with employees and our key commercial customers, ordering, and managing materials from suppliers, shipping products to customers and analyzing and reporting results of operations. While we have taken steps to ensure the security of our information technology systems, our systems may nevertheless be vulnerable to computer viruses, security breaches and other disruptions from unauthorized users. If our information technology systems are damaged or cease to function properly for an extended period of time, whether as a result of a significant cyber incident or otherwise, our ability to communicate internally as well as with our retail customers could be significantly impaired, which may adversely impact our business.

Additionally, in the normal course of our business, we collect, store, and transmit proprietary and confidential information regarding our customers, employees, suppliers and others, including personal information. An operational failure or breach of security from increasingly sophisticated cyber threats could lead to loss, misuse or unauthorized disclosure of this information about our employees or customers, which may result in regulatory or other legal proceedings, and have a material adverse effect on our business and reputation. We also may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Any such attacks or precautionary measures taken to prevent anticipated attacks may result in increasing costs, including costs for additional technologies, training, and third-party consultants. The losses incurred from a breach of data security and operational failures as well as the precautionary measures required to address this evolving risk may adversely impact our financial condition, results of operations and cash flows.

We collect, process, store, use, and share information collected from or about purchasers and users of our website and products. The collection and use of personal information, and analysis and sharing of user data and unique identifiers to inform advertising subject us to legislative and regulatory burdens, may expose us to liability, and our actual or perceived failure to adequately protect consumer data could harm our brand, our reputation in the marketplace and our business.

A wide variety of provincial, state, national, foreign, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal information. These privacy and data protection-related laws and regulations are evolving, extensive, and complex. Compliance with these laws and regulations can be costly and can delay or impede the development and offering of new products. In addition, the interpretation and application of privacy and data protection-related laws in some cases is uncertain, and our legal and regulatory obligations are subject to frequent changes, including the potential for various regulator or other governmental bodies to enact new or additional laws or regulations, to issue rulings that invalidate prior laws or regulations, or to increase penalties.

We engage in interest-based advertising on our e-commerce website. U.S. and foreign governments have enacted or are considering legislation related to digital advertising and we expect to see an increase in legislation and regulation related to digital advertising, the collection and use of user data and unique device identifiers, such as IP address, and other data protection and privacy regulation. Such laws and legislation could affect our costs of doing business.

Further, while we strive to publish and prominently display privacy policies that are accurate, comprehensive, and fully implemented, we cannot assure you that our privacy policies and other statements regarding our practices will be sufficient to protect us from liability or adverse publicity relating to the privacy and security of information about consumers or their devices. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to consumers or other third parties, or our privacy-related legal obligations, including laws and regulations regulating privacy, data security, or consumer protection, or any compromise of security that results in the unauthorized release or transfer of personal information, may result in proceedings or actions against us, legal liability, governmental enforcement actions, and litigation. Furthermore, any such proceedings or actions, or public statements against us by consumer advocacy groups or others, could cause our customers to lose trust in us, which could have an adverse effect on our business.

Additionally, if third parties we work with, such as customers, advertisers, vendors or developers, violate our contractual limitations on data use or sharing, applicable laws or our policies, such violations may also put consumers' information at risk and could in turn have an adverse effect on our business. If third parties improperly obtain and use the information from or about our consumers or their devices, we may be required to expend significant resources to resolve these problems.

We also are subject to certain contractual obligations to indemnify and hold harmless advertisers, marketing technology companies and other users of our data from the costs or consequences of noncompliance with privacy-related laws, regulations, self-regulatory requirements or other legal obligations, or inadvertent or unauthorized use or disclosure of data that we store or handle as part of providing our products.

We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business.

Our ability to compete effectively depends in part on intellectual property rights we own or license, particularly our registered brand names. We have not sought to register every one of our marks either in the United States or other countries in which such mark is used. Furthermore, because of the differences in foreign intellectual property or proprietary rights laws, we may not receive the same protection in other countries as we would in the United States with respect to the registered brand names we hold. If we are unable to protect our intellectual property, proprietary information and/or brand names, we could suffer a material adverse effect on our business, financial condition and results of operations. In addition, we may be required to license additional intellectual property and technology from third parties, which may be expensive.

Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products or services infringe their intellectual property rights. Any litigation or claims brought by or against us could result in substantial costs and diversion of our resources. A successful claim of intellectual property infringement against us, or any other successful challenge to the use of our intellectual property, could subject us to damages or prevent us from providing certain products or services, or using certain of our recognized brand names, which could have a material adverse effect on our business, financial condition, and results of operations.

We may not be able to develop, license or acquire new products, enhance the capabilities of our existing products to keep pace with rapidly changing technology and customer requirements, or successfully manage the transition to new product offerings, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Our success depends on our ability to develop, license, or acquire and commercialize additional products and to develop new applications for our technologies in existing and new markets, while improving the performance and cost-effectiveness of our existing products, in each case in ways that address current and anticipated customer requirements. We intend to develop and commercialize additional products through our research and development program and by licensing or acquiring additional products and technologies from third parties. Such success is dependent upon several factors, including functionality, competitive pricing, ease of use, the safety and efficacy of our products and our ability to identify, select and acquire the rights to products and technologies on terms that are acceptable to us.

The industry is characterized by rapid technological change and innovation. New technologies, techniques or products may emerge that might offer better combinations of price and performance or better address customer requirements as compared to our current or future products, as well as those products of third-party vendors that we make available for sale. Competitors who have greater financial, marketing and sales resources than we do may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements. Any new product we identify for internal development, licensing or acquisition may require additional development efforts prior to commercial sale. Due to the significant lead time and complexity involved in bringing a new product to the market, we are required to make a number of assumptions and estimates regarding the commercial feasibility of a new product. These assumptions and estimates may prove incorrect, resulting in our introduction of a product that is not competitive at the time of launch. We anticipate that we will face increased competition in the future as existing companies and competitors develop new or improved products and as new companies enter the market with new technologies and sales mechanisms which we may be unable to adopt or offer for sale. Our ability to mitigate downward pressure on the prices of the products that we offer for sale will be dependent on our ability to maintain and/or increase the value we offer to suppliers, vendors, strategic partners, and consumers. In addition, we cannot assure you that any such products that we develop or offer for sale will be manufactured or produced economically, successfully commercialized or widely accepted in the marketplace. The expenses or losses associated with unsuccessful product development or launch activities, or a lack of market acceptance of new products, could adversely affect our business, financial condition, and results of operation.

Our ability to attract new customers and increase revenue from existing customers depends in large part on our ability to enhance and improve our own products, maintain relationships with other vendors and suppliers, and to make compelling new products available for sale through our enterprise. Any new product that we develop or offer for sale may not be introduced in a timely or cost-effective manner, may contain defects or may not achieve the marketplace acceptance necessary to generate significant revenue. If we are unable to successfully develop, license or acquire new products to make available for sale, enhance our existing inventory offerings to meet customer requirements, or otherwise gain market acceptance, our business and financial condition and results of operation would be harmed.

We have identified certain material weaknesses in our internal control over financial reporting and may experience material weaknesses in the future or otherwise fail to maintain an effective system of internal controls in the future, as a result of which, we may not be able to accurately report our financial condition or results of operations which may adversely affect investor confidence in us and, as a result, the value of our common stock.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports. If we cannot maintain effective controls and reliable financial reports, our business and operating results could be harmed. Our management has conducted an evaluation of the effectiveness of our internal controls over financial reporting and 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 for the deficiency and has implemented changes to address the material weakness identified, including hiring additional accountants and consultants and implementing controls and procedures over financial reporting process.

We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. The effectiveness of our controls and procedures may be limited by a variety of factors, including:

- faulty human judgment and simple errors, omissions, or mistakes;
- fraudulent action of an individual or collusion of two or more people;
- inappropriate management override of procedures; and
- the possibility that any enhancements to controls and procedures may still not be adequate to assure timely and accurate financial control.

Our independent registered public accounting firm has not performed an audit of, or expressed an opinion on, the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of Sarbanes-Oxley Act. Had our independent registered public accounting firm performed an audit of our internal control over financial reporting in accordance with the provisions of Sarbanes-Oxley Act, additional control deficiencies amounting to material weaknesses may have been identified. If we fail to remedy any material weakness, our financial statements may be inaccurate, our access to the capital markets may be restricted and the trading price of our common stock may suffer.

Changes in U.S. and international trade policies, particularly with respect to China, could materially and adversely impact our business and results of operations.

All of our products are manufactured and supplied by unaffiliated third parties, most of which are located in China. In addition, two of our subsidiaries are based in China. The U.S. government has made statements and taken certain actions that may lead to changes in U.S. and international trade policies towards China. It remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, tax policy related to international commerce, or other trade matters.

We are closely monitoring the changes in international trade policy, which may be subject to rapid changes and fluctuation, and are assessing the potential impact of these and other trade policy changes on our business operations and financial performance. In February and March 2025, the U.S. administration imposed an additional 20% duty on Chinese imports. Subsequently, authorities in China announced tariffs over selected U.S. products and regulatory investigation against U.S. companies in response to the tariff imposed by the U.S. Furthermore, on April 2, 2025, President Trump announced that the United States would impose a 10% tariff on all countries, effective on April 5, 2025, and an individualized reciprocal higher tariff on countries with which the United States has the largest trade deficits, including a 34% additional reciprocal tariff on goods imported from China that brings the total tariff rate to 54%. On April 4, 2025, the Foreign Ministry of China announced that China would impose a retaliatory 34% tariff on goods imported from the United States starting on April 10, 2025. Then on April 10, the U.S. announced it would charge 145% tariffs on goods imported from China, while the Chinese government announced that it would impose 125% tariffs on U.S. exports to China. Any unfavorable government policies on international trade, such as capital controls or tariffs, and any uncertainty resulting from the changing nature of such policies, may affect the demand for our products and services, impact the competitive position of our products or prevent us from selling products in certain countries. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes additional retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

The extent and duration of any tariffs and the resulting impact on general economic conditions and on our business are uncertain and depend on various factors, such as negotiations between the United States and China and/or other countries, the response of such countries, exemptions or exclusions that may be granted, availability and cost of alternative sources of supply of materials we purchase from companies in China or other countries targeted with tariffs.

Our business is dependent, in part, on our ongoing commercial relationship with GPM, and any deterioration of that relationship could materially adversely affect our business.

On February 1, 2026, the Company transferred certain software assets from GPM to the Company and subsequently sold all of its equity interests in GPM and its underlying entities to ETTS AI in exchange for a \$2.3 million promissory note. Concurrently, the parties entered into a Supply and Distribution Agreement pursuant to which the Company continued to supply products to GPM following the divestiture. On June 30, 2026, the Company, GPM and ETTS AI entered into a supplement to the Supply and Distribution Agreement pursuant to which GPM assumed approximately \$2.0 million of supplier accounts payable in exchange for acquiring an equal amount of inventory from the Company. The supplement also terminated the exclusive sourcing and distribution arrangements between the Company and GPM.

Following the sale of GPM, we continue to maintain a significant commercial relationship with GPM pursuant to the Supply and Distribution Agreement and other related arrangements. As a result, a significant portion of our current and future revenues, cash flows and business activities may be dependent upon purchases made by GPM, GPM's ability to market and distribute products, and GPM's continued demand for the products and services we provide.

Any reduction in orders from GPM, deterioration in GPM's financial condition, inability of GPM to satisfy its payment obligations, operational disruptions, changes in GPM's business strategy, loss of key customers by GPM, regulatory issues affecting GPM, or termination, modification or non-renewal of the Supply and Distribution Agreement or other related arrangements could reduce our revenue and profitability and adversely affect our business, financial condition and results of operations. In addition, because GPM is no longer a wholly owned subsidiary of the Company, we do not control GPM's management, strategic decisions or operational activities and may be unable to influence decisions that could adversely impact our business relationship with GPM.

Furthermore, if our business becomes increasingly dependent on GPM or a limited number of customers or distribution partners, our customer concentration risk may increase. The loss of GPM or a significant reduction in business conducted through GPM may require us to identify and develop alternative customers, distribution channels or business relationships, which may not be available on favorable terms, if at all, and may require substantial time, cost and management attention. Any failure to successfully replace revenues generated through GPM could have a material adverse effect on our business, financial condition, cash flows and results of operations.

General Risk Factors Related to Our Business

Litigation may adversely affect our business, financial condition, and results of operations.

From time to time in the normal course of our business operations, we may become subject to litigation that may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operations are required. The cost to defend such litigation may be significant and may require a diversion of our resources. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, financial condition, and results of operations. Since inception, aside from a dispute with the placement agent of our 2020-2021 pre-IPO private placements, which dispute has been settled as of the date of this Annual Report, the Company has not been a party to any material litigation. See "Item 3. Legal Proceedings" for additional information.

If product liability lawsuits are brought against us, we may incur substantial liabilities.

We face a potential risk of product liability resulting from the sale of our products. For example, we may be sued if any product we sell allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing, or sale. Any such product liability claim may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, and a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for products that we may offer for sale;
- injury to our reputation;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to customers, product users, or other claimants;
- product recalls, withdrawals or labeling, marketing or promotional restrictions; and
- a decline in the value of our stock.

Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop. We do not maintain any product liability insurance. Even if we obtain product liability insurance in the future, we may have to pay amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts.

We may not be able to obtain insurance coverage adequate to cover all significant risk exposures.

During the ordinary course of business, we anticipate that we will be exposed to certain liabilities that are unique to the products we provide. We currently maintain various insurance policies, including general liability, umbrella liability, business personal property and business income, and directors and officers liability insurance policies, but there can be no assurance that we will acquire or maintain insurance for certain risks, that the amount of our insurance coverage will be adequate to cover all claims or liabilities, or that we will not be forced to bear substantial costs resulting from risks and uncertainties of business. It is also not possible to obtain insurance to protect against all operational risks and liabilities. The failure to obtain and maintain adequate insurance coverage on terms favorable to us, or at all, could have a material adverse effect on our business, financial condition, and results of operations.

Unanticipated changes in our tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could affect our profitability and cash flows.

In the event there are significant changes in federal or state tax law provisions, or in the event there is new and additional tax legislation adopted, we could be exposed to additional tax liabilities. Such additional tax liabilities could have an effect on our net income and profit margins.

Certain of our products sell on a seasonal basis, resulting in fluctuations in our cash flow, inventory, and accounts payable.

As a result of the seasonality of certain products, such as planting equipment, ventilation equipment, grow light systems, or harvesting equipment related to certain produce that grows on a seasonal basis, our business is likely to cause cash and cash equivalents, inventory, and accounts payable to fluctuate, resulting in changes in our working capital.

Our results of operations could be materially harmed if we are unable to accurately forecast customer demand for our products and manage our inventory.

We seek to maintain sufficient levels of inventory in order to protect ourselves from supply interruptions. To ensure adequate inventory supply and manage our operations with our third-party vendors, manufacturers and suppliers, we forecast anticipated materials requirements and demand for our products in order to predict inventory needs and then place orders with our suppliers based on these predictions. Our ability to accurately forecast demand for our products could be negatively affected by many factors, including our limited historical commercial experience, rapid growth, failure to accurately manage our expansion strategy, product introductions by competitors, an increase or decrease in customer demand for our products, our failure to accurately forecast customer acceptance of new products, unanticipated changes in general market conditions or regulatory matters and weakening of economic conditions or consumer confidence in future economic conditions.

Inventory levels in excess of customer demand, including as a result of our introduction of product enhancements, may result in a portion of our inventory becoming obsolete or expiring, as well as inventory write-downs or write-offs, which could have a material adverse effect on our business, financial condition and results of operations. Conversely, if we underestimate customer demand for our and those third-party products we offer for sale, vendors, manufacturers, and suppliers may not be able to deliver those materials necessary to meet our requirements, which could result in inadequate inventory levels or interruptions, delays or cancellations of deliveries to our customers, any of which would damage our reputation, customer relationships and business. In addition, several products that we offer for sale may require lengthy order lead times, and additional supplies or materials may not be available when required on terms that are acceptable to us, or at all, and our third-party manufacturers and suppliers may not be able to allocate sufficient capacity in order to meet our increased requirements, any of which could have an adverse effect on our ability to meet customer demand for our products and our business, financial condition and results of operations.

The failure of third parties to meet their contractual, regulatory, and other obligations could adversely affect our business.

We rely on suppliers, vendors, outsourcing partners, consultants, alliance partners and other third parties to research, develop, manufacture and commercialize our products. Using these third parties poses a number of risks, such as: (i) they may not perform to our standards or legal requirements; (ii) they may not produce reliable results; (iii) they may not perform in a timely manner; (iv) they may not maintain confidentiality of our proprietary information; (v) disputes may arise with respect to ownership of rights to technology developed with our partners; and (vi) disagreements could cause delays in, or termination of, the research, development or commercialization of our products or result in litigation or arbitration. Moreover, some third parties are located in markets subject to political and social risk, corruption, infrastructure problems and natural disasters, in addition to country-specific privacy and data security risk given current legal and regulatory environments. Failure of third parties to meet their contractual, regulatory and other obligations may have a material adverse effect on our business, financial condition and results of operations.

The sizes of the markets for our current and future products have not been established with precision and may be smaller than we estimate.

Our estimates of the total addressable markets for our current products, products under development and third-party products that we offer for sale are based on a number of internal and third party estimates and the assumed prices at which we can sell such products in markets that have not been established or that we have not yet entered. While we believe our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these estimates. As a result, our estimates of the total addressable market for our current or future products may prove to be incorrect. If the actual number of consumers who would benefit from the products we offer, the price at which we can sell such products, or the total addressable market for such products is smaller than we have estimated, it may impair our sales growth and have an adverse impact on our business.

The conflict between Russia and Ukraine and the war in the Middle East may have the effect of heightening many of the other risks described in this “Risk Factors” section.

To the extent the conflict between Russia and Ukraine and the war in the Middle East may adversely affect our business and financial results, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section, as well as other risks which we may not be currently aware of.

Risks Related to Our Common Stock

If we fail to comply with the continued listing requirements of the Nasdaq Stock Market, it could result in our common stock being delisted, which could adversely affect the market price and liquidity of our securities and could have other adverse effects.

On January 2, 2025, the Company received a letter from the Nasdaq Listing Qualifications Staff of The Nasdaq Stock Market LLC (“Nasdaq”) stating that for the 30 consecutive business day period between November 15, 2024 to December 31, 2024, the Company’s common stock had failed to maintain a minimum closing bid price of \$1.00 per share, as required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2) (the “Minimum Bid Price Requirement”). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the Company has an initial period of 180 calendar days, or until July 1, 2025 (the “Compliance Period”), to regain compliance with the Minimum Bid Price Requirement. To regain compliance, the closing bid price of the Company’s common stock must meet or exceed \$1.00 per share for a minimum of ten consecutive trading days, unless such period is extended by Nasdaq.

In accordance with Nasdaq Rules, the Company was provided with an initial period of 180 calendar days, or until July 1, 2025 (the “Initial Grace Period”), to regain compliance with the Bid Price Requirement. Since the Initial Grace Period was coming to an end and the Company had not yet regained compliance, on June 12, 2025, the Company submitted a plan of compliance (the “Plan of Compliance”) to Nasdaq seeking an additional 180-day grace period (the “Additional Grace Period”) to regain compliance with the Bid Price Requirement. The Plan of Compliance set forth the steps the Company would take to regain compliance with the Bid Price Requirement within the additional 180-day period, including effectuating a reverse split of its common stock, if deemed necessary. On July 2, 2025, the Company received formal approval from Nasdaq granting it an additional 180 days, or until December 29, 2025 (the “Compliance Date”), to regain compliance with the Bid Price Requirement. As of the Compliance Date, the Company had regained compliance with the Bid Price Requirement.

There can be no assurance that the Company will continue to satisfy the minimum bid price requirement or any other applicable continued listing standards and requirements of Nasdaq, including, without limitation, requirements relating to stockholders’ equity, market value of publicly held shares, minimum number of public stockholders, or governance standards. If the Company fails to maintain compliance with any such continued listing requirements, its securities could be subject to delisting, which would severely impact the market price and liquidity of its common stock, limit the Company’s ability to issue additional securities or secure financing, and have a material adverse effect on its business, financial condition, and operating results.

Future sales of our common stock in the public market could cause the market price of our common stock to decline.

As a public company, sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities.

Sales of substantial amounts of our common stock in the public market, or the perception that such sales could occur, could depress the market price of our common stock.

We have previously issued, or may in the future issue, shares of our common stock, warrants to purchase shares of our common stock, or other securities convertible into or exchangeable for common stock in connection with private placements, registered direct offerings, or other financing transactions. Pursuant to registration rights granted to certain investors, we have filed or may be required to file one or more registration statements, including resale prospectuses, with the SEC to register the resale of such shares from time to time.

The sale of a significant number of shares of our common stock by selling stockholders in the public market, or the accumulation of such shares, could materially and adversely affect the market price of our common stock. In addition, the perception in the public markets that these sales may occur—whether or not driven by the registration of such shares for resale—could in and of itself cause the market price of our common stock to decline. We cannot predict the timing, amount, or effect, if any, that future sales of these shares of common stock, or the availability of these shares for resale, will have on the trading price of our securities.

General Risk Factors Related to our Common Stock

There are risks, including stock market volatility, inherent in owning our common stock.

The market price and volume of our common stock have been, and may continue to be, subject to significant fluctuations. These fluctuations may arise from general stock market conditions, the impact of risk factors described herein on our results of operations and financial position, or a change in opinion in the market regarding our business prospects or other factors, many of which may be outside our immediate control.

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

The decision to pay cash dividends on our common stock rests with our board of directors and will depend on our earnings, unencumbered cash, capital requirements and financial condition. We do not anticipate declaring any dividends in the foreseeable future, as we intend to use any excess cash to fund our operations and growth. Investors in our common stock should not expect to receive dividend income on their investment, and investors will be dependent on the appreciation of our common stock to earn a return on their investment.

We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.

We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. We intend to continue to make investments to support our business, which may require us to engage in equity or debt financing to secure additional funds. Additional financing may not be available on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, operating results and financial condition. If we incur additional debt, the debt holders would have rights senior to holders of common stock to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Furthermore, if we issue additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future issuances of debt or equity securities. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the value of our common stock and diluting their interests.

As a public company, we are subject to increased costs in relation to maintaining SEC and Nasdaq-related reporting requirements and our management is required to devote substantial time to compliance with our public company reporting responsibilities and corporate governance practices.

As a Nasdaq-listed public company, we face significant legal, accounting, and other expenses that we did not incur as a private company, which we expect to further increase now that we are no longer an “emerging growth company.” The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the Nasdaq Stock Market, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel devote a substantial amount of time to ensuring compliance with these requirements. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly as compared to when we were operating as a private company. As a newly public company, we are unable to predict or estimate the amount of additional costs we will incur as a public company or the specific timing of such costs.

As a result of being a public company, we are obligated to develop and maintain proper and effective internal controls over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our Company and, as a result, the value of our common stock.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, to furnish a report by management on the effectiveness of our internal control over financial reporting for the fiscal year ending June 30, 2026. This assessment needs to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting in our first annual report required to be filed with the SEC following the date we are no longer a “smaller reporting company.” We have recently commenced the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, but we may not be able to complete our evaluation, testing and any required remediation in a timely fashion once initiated. Our compliance with Section 404 requires that we incur substantial accounting expenses and expend significant management efforts. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to certify that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the Nasdaq Stock Market, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

We are a smaller reporting company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to “smaller reporting companies,” this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.

We are a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our common stock held by non-affiliates exceeds \$250 million as of the prior June 30, or (2) our annual revenues exceeded \$100 million during such completed fiscal year and the market value of our common stock held by non-affiliates exceeds \$700 million as of the prior June 30. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible. After we are no longer a “smaller reporting company,” we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404. We cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Our stockholders will experience further dilution if we issue additional equity or equity-linked securities in the future.

If we issue additional shares of common stock, or securities convertible into or exchangeable or exercisable for shares of common stock, our stockholders will experience additional dilution, and any such issuances may result in downward pressure on the price of our common stock. As a result, investors who may purchase shares or other securities in the future could have rights superior to existing stockholders.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our common stock, the market price for our common stock and trading volume could decline.

The trading market for our common stock is influenced by research or reports that industry or securities analysts publish about our business. If industry or securities analysts decide to cover us and in the future downgrade our common stock, the market price for our securities would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our common stock to decline.

As an actively traded Nasdaq-listed company, the market price of our common stock may be volatile.

As our securities are publicly-traded and even though an active market for our common stock has developed, the market price for our common stock may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in financial operational estimates or projections;
- conditions in markets generally;
- changes in the economic performance or market valuations of companies similar to ours; and
- general economic or political conditions in the United States and elsewhere.

The securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of shares of our common stock.

In the event of liquidation or dissolution of our company, stockholders may not recoup all or any portion of their investment.

In the event of a liquidation, dissolution or winding-up of our Company, whether voluntary or involuntary, the proceeds and/or assets of our Company remaining after giving effect to such transaction, and the payment of all of our debts and liabilities will be distributed to the holders of common stock on a pro rata basis. There can be no assurance that we will have available assets to pay to the holders of common stock, or any amounts, upon such a liquidation, dissolution or winding-up of our Company. In this event, stockholders could lose some or all of their investment.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Cybersecurity risk management is an integral part of our overall enterprise risk management program. The Company manages cybersecurity and data protection through a continuously evolving program. Our cybersecurity risk management program is designed to provide a framework for assessing, identifying and managing cybersecurity threats and incidents, including threats and incidents associated with the use of services provided by third-party service providers, and to facilitate coordination across different departments of our Company. Our processes include steps for assessing the severity of a cybersecurity threat, identifying the source of a cybersecurity threat, including whether the cybersecurity threat is associated with a third-party service provider, and implementing cybersecurity countermeasures and mitigation strategies and informing management and the board of directors of material cybersecurity threats and incidents.

The board of directors has oversight for the most significant risks facing us and for our processes to identify, prioritize, assess, manage and mitigate those risks. The audit committee of the board of directors (the “Audit Committee”) has been designated by our board of directors to oversee cybersecurity risks. Management is responsible for identifying, considering and assessing material cybersecurity risks on an ongoing basis, establishing processes designed to ensure that such potential cybersecurity risk exposures are monitored, putting in place mitigation measures and maintaining cybersecurity programs. Our cybersecurity program is overseen by our Chief Executive Officer, who consults with and seeks guidance from industry professionals, as appropriate. Management regularly updates the Audit Committee on our cybersecurity programs, which includes cybersecurity risks and mitigation strategies, vulnerability management, and on-going cybersecurity projects.

As of June 30, 2026, we did not identify any cybersecurity incidents that materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, despite our efforts, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced an undetected cybersecurity incident. It is possible that we may not implement appropriate controls if we do not detect a particular risk. In addition, security controls, no matter how well designed or implemented, may only mitigate and not fully eliminate the risks. Even when a risk is detected, disruptive events may not always be immediately and thoroughly interpreted and acted upon. For more information about these risks, please see “Risk Factors - Risks Related to our Business and Products” in Item 1A of this Form10-K.

ITEM 2. PROPERTIES

Our principal offices, which also serve as a fulfillment center, are located at 8798 9th Street, Rancho Cucamonga, California. There we lease approximately 99,347 square feet of space, which is used for the storage and distribution of products. The term of the Rancho Cucamonga lease is for 74 months. The lease commenced on February 10, 2022, with rent payments commencing after the first three months, and the expiration date is May 31, 2028. The base rental fee is \$114,249 to \$140,079 per month through the expiration date, 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.

In addition, we leased a fulfillment center at 2397 Bateman Avenue, Duarte, CA 91010, which consists of approximately 49,500 square feet of space, with a base rental fee of \$56,000 to \$59,410 per month. The lease term expired on April 30, 2025, and the Company did not renew the lease.

On February 15, 2022, upon completion of the acquisition of Anivia, the Company assumed an operating lease of offices in the PRC. In July 2023, the Company renewed the lease contract for its existing office plus additional office space. The lease term is for three years expiring on July 14, 2026. The total base rental fee for these offices is approximately \$19,406 per month. In September 2024, the Company terminated the lease contract of the office space.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Our common stock is listed on The Nasdaq Capital Market, or Nasdaq, under the symbol "IPW," where we commenced trading on May 14, 2021. Prior to that time, our common stock was not traded on any exchange or quoted on any over the counter market.

Shareholders

As of October 2, 2026 we had 29 holders of record of our common stock and 1,262,584 shares of common stock outstanding.

Dividends

We have never paid cash dividends on our common stock. Holders of our common stock are entitled to receive dividends, if any, declared and paid from time to time by the board of directors out of funds legally available. We intend to retain any earnings for the operation and expansion of our business and do not anticipate paying cash dividends on our common stock in the foreseeable future. Any future determination as to the payment of cash dividends will depend upon future earnings, results of operations, capital requirements, our financial condition, and other factors that our board of directors may consider.

Equity Compensation Plans

2020 Amended Equity Incentive Plan

The total number of underlying shares of the Company's common stock available for grant to directors, officers, key employees and consultants of the Company or a subsidiary of the Company under the Company's Amended and Restated 2020 Equity Incentive Plan (the "2020 Amended Equity Incentive Plan") was 50,000,000 shares (627,315 shares on a post reverse split basis, taking into account the May 22, 2026 and August 7, 2026 reverse stock splits). Grants made under the 2020 Amended Equity Incentive Plan must be approved by the Company's board of directors.

The following table provides information as of June 30, 2026 about our equity compensation plans and arrangements.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	3,939	\$ 1,288.70	553,949
Equity compensation plans not approved by security holders	—	—	—
Total	3,939	\$ 1,288.70	553,949

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

On February 10, 2026, the board of directors of the Company authorized a share repurchase program of up to \$2.0 million of the Company's common stock (the "Share Buyback Program"). On May 26, 2026, the Company executed the documents required to implement a trading plan in connection with the Share Buyback Program. The repurchase program does not obligate the Company to acquire any specific number of shares and may be suspended or discontinued at any time.

As of June 30, 2026, the Company repurchased an aggregate of 1,346 shares of its common stock for approximately \$41,755 in open-market transactions under the Share Buyback Program.

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number of shares (or approximate dollar value) of shares that may yet be purchased under the plans or programs
May 2026	100	\$ 36.33	100	\$ 1,996,367
June 2026	1,246	\$ 30.58	1,246	\$ 1,958,245
Total	1,346	\$ 31.02	1,346	\$ 1,958,245

Use of Proceeds

None.

ITEM 6. [Reserved]

ITEM 7. 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 financial statements and the related notes thereto included elsewhere herein. The 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 Annual 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 \$1,002,381 and all Ethereum for approximately \$563,391 on August 14, 2026.

Recent Developments

Effective October 27, 2025, the Company effectuated the 1-for-30 reverse stock split of its common stock (the “2025 Reverse Split”), under which every 30 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.

On December 22, 2025, the Company entered into the Purchase Agreement with 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, in which the Investor agreed to initially purchase (i) a Series A Convertible Note in the aggregate original principal amount of \$5,184,024, and shares of common stock issuable pursuant to the terms of the Series A Convertible Notes in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act, and Rule 506(b) of Regulation D as promulgated thereunder, and (ii) \$1,815,976 aggregate principal amount of a Series B Convertible Note, and shares of common stock issuable pursuant to the terms of the Series B Convertible Notes in a registered direct offering pursuant to a currently effective shelf registration statement on Form S-3 (File No. 333-274665), which was declared effective by the SEC on September 29, 2023. In addition, pursuant to the Purchase Agreement, the parties closed on an additional \$5,000,000 of Series A Convertible Notes upon effectiveness of a resale registration statement. 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 and Investor consummated Additional Optional Closings. 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 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 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 Additional Series A 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 October 2, 2026, the Investor has converted a total of \$9,359,580 of the Series A Notes, resulting in the conversion of a total of 849,697 shares at an average conversion price per share of \$11.02 on a post-reverse stock split basis (accounting for a 1-for-8 reverse stock split effectuated May 22, 2026 and a 1-for-9 reverse stock split effectuated August 7, 2026).

Pursuant to the Purchase Agreement and the Series A 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 February 1, 2026, the Company entered into a Software Asset Transfer Agreement with its then-wholly owned subsidiary, Global Product Marketing, Inc., a Nevada corporation, 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 iPower 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 iPower 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 iPower 50% of the proceeds received in relation to such sale. Thereafter, on February 1, 2026, the Company entered into a stock purchase agreement with ETTS AI Investment LLC, a Nevada limited liability company ("ETTS AI"), pursuant to which the Company sold all of 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, between the Company, GPM and ETTS AI.

Under the Supply and Distribution Agreement, the Company and GPM agreed that the Company would act as exclusive supplier in the United States, Canada and Mexico for all existing SKUs that have historically been distributed from iPower to GPM, thus allowing iPower to continue in its role of supplier to GPM while divesting of the cost center associated with GPM's sales function. As supplier, iPower 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 iPower a cooperative marketing fee, which will be defined in a subsequent agreement between the parties. Under the Supply and Distribution Agreement, payment on all purchaser 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.

On June 30, 2026, the Company, GPM and ETTS AI entered into a supplement to the Supply and Distribution Agreement pursuant to which GPM assumed \$2,007,366.86 of accounts payable owed to the Company's suppliers in exchange for acquiring an equal amount of the Company's existing inventory. Additionally, the Supplement releases the Company and GPM from exclusive sourcing and distribution obligations owed to one another under the Supply and Distribution Agreement.

Effective May 22, 2026, the Company implemented a 1-for-8 reverse stock split of its common stock, under which every eight 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 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 (the "August Reverse Split," with the August Reverse Split, the May Reverse Split, and the 2025 Reverse Split together referred to as the "Reverse Splits").

RESULTS OF OPERATIONS

For the fiscal years ended June 30, 2026 and 2025

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

	Year Ended June 30, 2026	Year Ended June 30, 2025	Variance
Revenues - product sales	\$ 18,423,316	58,600,334	(68.6%)
Revenues - service income	1,533,622	4,624,473	(66.8%)
	19,956,938	63,224,807	(68.4%)
Cost of revenues - product costs	14,584,960	31,897,029	(54.3%)
Cost of revenues - service costs	1,332,681	3,957,883	(66.3%)
	15,917,641	35,854,912	(55.6%)
Gross profit	4,039,297	27,369,895	(85.2%)
Operating expenses	18,467,579	33,699,897	(45.2%)
Operating loss	(14,428,282)	(6,330,002)	127.9%
Other expenses	(2,060,571)	(367,439)	460.8%
Loss before income taxes	(16,488,853)	(6,697,441)	146.2%
Income tax benefit	(3,079,172)	(1,348,313)	128.4%
Net loss from continuing operations	(13,409,681)	(5,349,128)	150.7%
Discontinued operations, net of tax	1,787,119	371,582	380.9%
Net loss	(11,622,562)	(4,977,546)	133.5%
Non-controlling interest	(320)	(9,258)	(96.5%)
Net loss attributable to iPower Inc.	(11,622,242)	(4,968,288)	133.9%
Other comprehensive loss	(1,786)	250,513	(100.7%)
Comprehensive loss attributable to iPower Inc.	\$ (11,624,028)	(4,717,775)	146.4%
Gross profit % of revenues - product sales	20.8%	45.6%	
Gross profit % of revenues - service income	13.1%	14.4%	
Operating loss % of revenues	(72.3%)	(10.0%)	
Net loss attributable to iPower Inc. % of revenues	(58.2%)	(7.9%)	

Revenues

Revenues for the year ended June 30, 2026 decreased 68.4% to \$19,956,938 as compared to \$63,224,807 for the year ended June 30, 2025. While pricing remained stable, the decrease was mainly due to the combination of decreased orders from Amazon and disruption of product supply during the year ended June 30, 2026. The Company also experienced a significant decrease in Amazon orders due to uncertainty over tariffs during the year ended June 30, 2026. In addition, The Company completed a sale of its subsidiaries on February 1, 2026.

Costs of Goods Sold

Costs of revenues for the year ended June 30, 2026 decreased 55.6% to \$15,917,641 as compared to \$35,854,912 for the year ended June 30, 2025. The decrease was primarily due to a combination of the costs related to the logistics service income and the decrease in product sales as discussed above.

Gross Profit

Gross profit was \$4,039,297 for the year ended June 30, 2026 as compared to \$27,369,895 for the year ended June 30, 2025. While the overall gross profit ratio of the total sales revenues decreased to 20.2% for the year ended June 30, 2026 from 43.3% for the year ended June 30, 2025, the gross profit ratio of product sales revenue for the year ended June 30, 2026 and 2025 was 20.8% and 45.6%, respectively. The decrease in the gross profit ratio was primarily driven by the decrease in the logistics service income, increase in product costs and 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 year ended June 30, 2026 decreased 45.2% to \$18,467,579 as compared to \$33,699,897 for the year ended June 30, 2025. The decrease was mainly due to the combination of (i) a decrease in selling and fulfillment expenses of \$12.5 million as a result of decreased sales and costs related to advertising, merchant fees, rental expenses and delivery fees, (ii) a decrease in general and administrative expenses of \$5.7 million, which included payroll expenses, stock-based compensation expense, insurance expenses, allowance for credit losses, travel expenses and other operating expenses, and partially offset by \$3.0 million of goodwill impairment loss recorded during the year. The decrease in general and administrative expenses was primarily attributable to the implementation of cost-cutting measures during the current period, compared to the prior-year period, which included expenses related to the expansion of the Company's vendor network, development of the SuperSuite platform, allowance for credit losses and inventory reserves. In addition, the decrease was attributable to changes in the Company's business strategy resulting from the sale of the Company's subsidiaries, as discussed above.

Loss from Operations

Loss from operations was \$14,428,282 for the year ended June 30, 2026 as compared to \$6,330,002 for the year ended June 30, 2025. The increase in loss was primary due to the combination of decrease in sales and operating expenses as discussed above.

Other Expenses

Other expenses consists of interest expense and other non-operating income (expenses). Other expenses for the year ended June 30, 2026 was \$2,060,571 as compared to \$367,439 for the year ended June 30, 2025. The increase was primarily attributable to an approximately \$2.3 million loss on extinguishment of debt associated with conversions of convertible notes, an approximately \$0.9 million unrealized loss on digital assets, and an approximately \$0.4 million increase in interest expense, partially offset by an approximately \$0.4 million increase in other non-operating income, \$0.8 million of refunds for Employee Retention Credits, and an approximately \$0.7 million gain from the change in fair value of derivative liabilities.

Net Loss Attributable to iPower Inc.

Net loss attributable to iPower Inc. for the year ended June 30, 2026 was \$11,622,242 as compared to \$4,968,288 for the year ended June 30, 2025, representing an increase in net loss of \$6,653,954, which was primarily due to the combination of increase in loss from operations, the increase in other expenses, and partially offset by the gain from discontinued operations resulting from the sale of the Company's subsidiaries, as discussed above.

Comprehensive loss Attributable to iPower Inc.

Comprehensive loss attributable to iPower Inc. for the year ended June 30, 2026 was \$11,624,028 as compared to \$4,717,775 for the year ended June 30, 2025, representing an increase in comprehensive loss of \$6,906,253, which was due to the reasons discussed above, along with a decrease in other comprehensive income of \$252,299 as a result of foreign currency translation adjustments resulting from the translation of RMB, the functional currency of our subsidiary and VIE in the PRC, to USD, the reporting currency of the Company.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

During the fiscal year ended June 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 \$478,042 as of June 30, 2026, representing a \$1,199,837 decrease from \$1,677,879 in cash as of June 30, 2025. The cash decrease was primarily due to the combined result of cash provided by operating activities, cash used in investing activities and financing activities resulting from our payments to pay off the JPM revolving line of credit and proceeds from convertible notes.

In assessing our liquidity requirements for the twelve months following the issuance of these consolidated financial statements, management considered the Company's expected cash flows from operations, available financing sources, and significant contractual obligations. The Company has approximately \$4.7 million of financing proceeds raised subsequent to June 30, 2026, as well as 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. The Company's significant cash requirements include approximately \$5.8 million of convertible notes outstanding, which do not mature until December 2027 through September 2028, although the notes require monthly interest payments and may be converted into common stock in accordance with their terms, and approximately \$0.8 million of net lease payments expected during fiscal 2027. Although the Company incurred a net loss of approximately \$11.6 million and negative operating cash flows during the year ended June 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 received subsequent to year-end, 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 twelve 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 "[Risk Factors](#)" in this Annual Report.

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 June 30, 2026 and 2025, our working capital was \$3.4 million and \$4.9 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 will 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 operating activities for the years ended June 30, 2026 and 2025 was \$163,466 and \$579,187, respectively. The decrease in cash used in operating activities mainly resulted from an 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 years ended June 30, 2026 and 2025, net cash used in investing activities was \$4,681,625 and \$2,042,250, respectively. The increase was mainly due to deconsolidation of our VIE and subsidiaries cash, payments made for investment in a joint venture, purchase of digital assets, and prepayments made for software developments during the year ended June 30, 2026.

Financing Activities

Net cash provided by (used in) in financing activities was \$6,543,407 and (\$2,999,362), respectively, for the years ended June 30, 2026 and 2025. The increase in net cash provided by financing activities was primarily due to a combination of proceeds from the Company's convertible note financing and payments made on the revolving loan.

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 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 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 audited 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 year ended June 30, 2026:

Derivative Liability	Amount
Balance as of June 30, 2025	\$ —
Initial fair value upon issuance of convertible notes	2,574,200
Extinguishment of derivative liability upon conversion of convertible notes	(1,285,400)
Gain on change in fair value of derivative liability	(682,100)
Balance as of June 30, 2026	<u>\$ 606,700</u>

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 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.

Recent Financings

Asset-based revolving loan

On November 12, 2021, the Company entered into a Credit Agreement with JPMorgan Chase Bank, N.A. (“JPM”), 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 years ended June 30, 2026 and 2025:

	2026	2025
Accrued interest	\$ 113,507	\$ 244,078
Credit utilization fees	18,636	57,052
Amortization of debt discount	–	125,906
Total	<u>\$ 132,143</u>	<u>\$ 427,036</u>

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 June 30, 2026 and 2025, the outstanding amount of the ABL, which was classified as current revolving loan payable, including interest payable, was \$0 and \$3,737,602, respectively.

Short-term loans 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 years ended June 30, 2026 and 2025, the Company recorded interest expense of \$0 and \$3,733, respectively. As of June 30, 2026 and 2025, 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 June 30, 2026, The RP Loan 2 had been fully paid off.

On November 24, 2025, the Company issued three promissory notes totaling \$2 million (the “Promissory Notes”) in exchange for gross proceeds of \$2 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 year ended June 30, 2026, the Company recorded interest expense of \$29,250, respectively. As of June 30, 2026, the Promissory Notes had been fully paid off.

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 June 30, 2026, the borrowing had been fully repaid.

December 2025 Convertible Notes Offering

On December 22, 2025, the Company entered into the Purchase Agreement with 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, in which the Investor agreed to initially purchase (i) a Series A Convertible Note in the aggregate original principal amount of \$5,184,024, with shares of common stock issuable upon conversion pursuant to the terms of the Series A Convertible Notes in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act, and Rule 506(b) of Regulation D as promulgated thereunder, and (ii) \$1,815,976 aggregate principal amount of a Series B Convertible Note, and shares of common stock issuable upon conversion pursuant to the terms of the Series B Convertible Notes in a registered direct offering pursuant to a currently effective shelf registration statement on Form S-3 (File No. 333-274665), which was declared effective by the SEC on September 29, 2023. In addition, pursuant to the Purchase Agreement, the parties closed on an additional \$5,000,000 of Series A Convertible Notes upon effectiveness of a resale registration statement. 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.

As of the date of this Annual Report, 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 Additional Series A 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 October 2, 2026, the Investor has converted a total of \$9,359,580 of the Series A Notes, resulting in the conversion of a total of 849,697 shares at an average conversion price per share of \$11.02 on a post-reverse stock split basis (accounting for a 1-for-8 reverse stock split effectuated May 22, 2026 and a 1-for-9 reverse stock split effectuated August 7, 2026).

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a “smaller reporting company,” this item is not required.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
iPower Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of iPower Inc. and its subsidiaries (the Company) as of June 30, 2026 and 2025, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended June 30, 2026, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2026 and 2025, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2026, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

/s/ HTL International, LLC

We have served as the Company's auditor since 2025.

Houston, Texas

October 2, 2026

iPower Inc. and Subsidiaries
Consolidated Balance Sheets
As of June 30, 2026 and 2025

	June 30, 2026	June 30, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 478,042	\$ 1,677,879
Accounts receivable, net	4,371,700	6,124,008
Inventories, net	–	8,131,203
Restricted cash - BitGo	3,252,140	–
Prepayments and other current assets, net	2,546,755	2,853,819
Current assets held for sale	–	587,402
Total current assets	<u>10,648,637</u>	<u>19,374,311</u>
Non-current assets		
Operating lease right-of-use assets, net	2,641,366	3,915,539
Property and equipment, net	136,502	390,349
Deferred tax assets, net	6,148,956	3,724,462
Software under development	2,638,208	1,059,121
Goodwill	–	3,034,110
Investment in joint venture	12,773	13,264
Note receivable	1,690,137	–
Intangible assets, net	2,331,957	2,981,328
Digital assets	2,356,644	–
Other non-current assets	381,934	317,560
Non-current assets held for sale	–	832,723
Total non-current assets	<u>18,338,477</u>	<u>16,268,456</u>
Total assets	<u>\$ 28,987,114</u>	<u>\$ 35,642,767</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	3,539,303	6,786,159
Accounts payable – related parties	655,914	393,850
Other payables and accrued liabilities	1,586,017	1,893,124
Operating lease liability - current	1,483,163	1,361,111
Revolving loan payable, net	–	3,737,602
Income taxes payable	–	183,195
Current liabilities held for sale	–	97,757
Total current liabilities	<u>7,264,397</u>	<u>14,452,798</u>
Non-current liabilities		
Convertible notes payable	2,742,837	–
Derivative liability - Conversion option	606,700	–
Operating lease liability - non-current	1,430,806	2,913,967
Total non-current liabilities	<u>4,780,343</u>	<u>2,913,967</u>
Total liabilities	<u>12,044,740</u>	<u>17,366,765</u>
Commitments and contingency	–	–
Stockholders' Equity		
Preferred stock, \$0.001 par value; 20,000,000 shares authorized; 0 shares issued and outstanding at June 30, 2026 and 2025	–	–
** Common stock, \$0.001 par value; 980,000,000 shares authorized; 167,196 and 14,518 shares issued and outstanding at June 30, 2026 and 2025	169	15
Additional paid in capital	43,814,552	33,482,231
Treasury stock, at cost 1,346 and 0 shares held at June 30, 2026 and 2025	(41,755)	–
Accumulated deficits	(26,821,131)	(15,198,889)
Non-controlling interest	(47,782)	(47,462)
Accumulated other comprehensive income	38,321	40,107
Total stockholders' equity	<u>16,942,374</u>	<u>18,276,002</u>
Total liabilities and stockholders' equity	<u>\$ 28,987,114</u>	<u>\$ 35,642,767</u>

** 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, and August 7, 2026, for all periods presented (see Note 17 for details).

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

iPower Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended June 30, 2026 and 2025

	For the Year Ended June 30,	
	2026	2025
REVENUES		
Product sales	\$ 18,423,316	\$ 58,600,334
Service income	1,533,622	4,624,473
Total revenues	19,956,938	63,224,807
COST OF REVENUES		
Product costs	14,584,960	31,897,029
Service costs	1,332,681	3,957,883
Total cost of revenues	15,917,641	35,854,912
GROSS PROFIT	4,039,297	27,369,895
OPERATING EXPENSES:		
Selling and fulfillment	8,921,987	21,461,508
General and administrative	6,511,482	12,238,389
Impairment loss - goodwill	3,034,110	—
Total operating expenses	18,467,579	33,699,897
LOSS FROM OPERATIONS	(14,428,282)	(6,330,002)
OTHER INCOME (EXPENSE)		
Interest expenses	(851,837)	(436,201)
Loss on equity method investment	(490)	(14,342)
Loss on deconsolidation of VIE	(41,519)	—
Unrealized loss on digital assets	(853,856)	—
Change in fair value of derivative liability	682,100	—
Loss on extinguishment of convertible notes	(2,324,402)	—
ERC refunds	804,004	—
Other non-operating income, net	525,429	83,104
Total other expenses, net	(2,060,571)	(367,439)
LOSS BEFORE INCOME TAXES	(16,488,853)	(6,697,441)
PROVISION FOR INCOME TAX BENEFIT	(3,079,172)	(1,348,313)
NET LOSS FROM CONTINUING OPERATIONS	(13,409,681)	(5,349,128)
DISCONTINUED OPERATIONS, NET OF TAX	1,787,119	371,582
NET LOSS	(11,622,562)	(4,977,546)
Non-controlling interest	(320)	(9,258)
NET LOSS ATTRIBUTABLE TO IPOWEE INC.	\$ (11,622,242)	\$ (4,968,288)
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation adjustments	(1,786)	250,513
COMPREHENSIVE LOSS ATTRIBUTABLE TO IPOWEE INC.	\$ (11,624,028)	\$ (4,717,775)
WEIGHTED AVERAGE NUMBER OF COMMON STOCK		
** Basic	33,671	14,558
** Diluted	33,671	14,558
EARNINGS (LOSSES) PER SHARE		
Basic - continuing operations	\$ (398.24)	\$ (366.80)
Basic - discontinued operations	53.08	25.52
Total basic losses per share	\$ (345.16)	\$ (341.28)
Diluted - continuing operations	\$ (398.24)	\$ (366.80)
Diluted - discontinued operations	53.08	25.52
Total diluted losses per share	\$ (345.16)	\$ (341.28)

** 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, and August 7, 2026, for all periods presented (see Note 17 for details).

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

iPower Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended June 30, 2026 and 2025.

	** Common Stock		Treasury Stock	Additional Paid in	Retained Earnings (Accumulated Deficit)	Non-controlling Interest	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Amount	Capital				
Balance, June 30, 2025	14,518	\$ 15	\$ —	\$ 33,482,231	\$ (15,198,889)	\$ (47,462)	\$ 40,107	\$ 18,276,002
Net loss	—	—	—	—	(11,622,242)	(320)	—	(11,622,562)
Stock-based compensation	—	—	—	792,375	—	—	—	792,375
Shares issued for consulting services	5,231	5	—	389,976	—	—	—	389,981
Restricted shares issued for vested RSUs	554	1	—	(1)	—	—	—	—
Common stock issued for conversions of note payable	148,234	148	—	9,149,971	—	—	—	9,150,119
Reverse-Split round up shares	5	—	—	—	—	—	—	—
Repurchase of common stock, at cost	(1,346)	—	(41,755)	—	—	—	—	(41,755)
Foreign currency translation adjustments	—	—	—	—	—	—	(1,786)	(1,786)
Balance, June 30, 2026	<u>167,196</u>	<u>\$ 169</u>	<u>\$ (41,755)</u>	<u>\$ 43,814,552</u>	<u>\$ (26,821,131)</u>	<u>\$ (47,782)</u>	<u>\$ 38,321</u>	<u>\$ 16,942,374</u>
Balance, June 30, 2024	14,518	\$ 15	\$ —	\$ 33,495,229	\$ (10,230,601)	\$ (38,204)	\$ (210,406)	23,016,033
Net loss	—	—	—	—	(4,968,288)	(9,258)	—	(4,977,546)
Stock-based compensation	—	—	—	(12,998)	—	—	—	(12,998)
Foreign currency translation adjustments	—	—	—	—	—	—	250,513	250,513
Balance, June 30, 2025	<u>14,518</u>	<u>\$ 15</u>	<u>\$ —</u>	<u>\$ 33,482,231</u>	<u>\$ (15,198,889)</u>	<u>\$ (47,462)</u>	<u>\$ 40,107</u>	<u>\$ 18,276,002</u>

** 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, and August 7, 2026, for all periods presented (see Note 17 for details).

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

iPower Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2026 and 2025

	For the Year Ended June 30,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (11,622,562)	\$ (4,977,546)
Adjustments to reconcile net (loss) income to cash provided by (used in) operating activities:		
Depreciation and amortization expense	761,328	779,976
Reversal of inventory reserve	(28,210)	(335,358)
Credit loss reserve	844,272	1,569,031
Loss on equity method investment	665,933	14,342
Stock-based compensation expense (reversal)	792,375	(12,998)
Shares issued for consulting services	389,981	—
Loss on deconsolidation of VIE	41,519	—
Gain on disposition of subsidiaries	(1,613,936)	—
Amortization of operating lease right of use assets	1,274,173	1,774,591
Change in FV of Derivative Liability	(682,100)	—
Unrealized gain/loss on digital assets	853,856	—
Loss on extinguishment of convertible notes	2,324,402	—
Gain on sale of vehicle	(63,605)	—
Impairment loss -goodwill	3,034,110	—
Discount on note receivable	499,016	—
Amortization of debt premium / discount and non-cash financing costs	395,701	125,906
Change in operating assets and liabilities		
Accounts receivable	1,752,308	7,047,054
Inventories	8,159,413	2,750,428
Deferred tax assets	(2,424,494)	(1,278,857)
Prepayments and other current assets, net	(518,612)	(764,676)
Other non-current assets	(64,374)	334,490
Accounts payable	(3,246,856)	(4,640,051)
Accounts payable – related parties	262,064	555,444
Other payables and accrued liabilities	(404,864)	(1,684,961)
Operating lease liabilities	(1,361,109)	(1,839,999)
Income taxes payable	(183,195)	3,997
Net cash provided by (used in) operating activities	(163,466)	(579,187)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Discontinued operations -cash sold	(83,545)	—
Deconsolidation of VIE	(167,774)	—
Proceeds from sale of fixed assets	192,000	13,183
Purchase of equipment	—	(163,588)
Investment in joint venture	(293,526)	(371,917)
Purchase of digital assets held in Bitgo account	(3,210,500)	—
Prepayments for software development	(1,118,280)	(1,519,928)
Net cash used in investing activities	(4,681,625)	(2,042,250)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of offering cost settlement	—	(325,000)
Treasury stock acquired	(41,755)	—
Proceeds from short-term loans -related party	1,050,000	—
Proceeds from short-term loans	1,500,000	—
Payments on short-term loans - related party	(1,050,000)	(350,000)
Payments on short-term loans	(1,500,000)	(483,599)
Net proceeds from convertible note	10,256,833	—
Proceeds from revolving loan	3,669,797	8,359,237
Payments on revolving loan	(7,383,223)	(10,200,000)
Net cash provided by (used in) financing activities	6,501,652	(2,999,362)
EFFECT OF EXCHANGE RATE ON CASH	65,731	250,852
CHANGES IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,722,292	(5,369,947)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of period (1)	2,007,890	7,377,837
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period (1)	<u>\$ 3,730,182</u>	<u>\$ 2,007,890</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for income tax	\$ —	\$ —
Cash paid for interest	\$ 185,569	\$ 323,078
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Derivative liability - conversion option	\$ 606,700	\$ —
Common stock issued for conversions of note payable	9,150,119	—
Right of use assets derecognized due to termination of operating leases	—	434,033

Note receivable from sale of subsidiaries	2,300,000	—
Transfer of inventories in exchange of assumption of accounts payable	2,007,367	—
Software under development transferred from GPM	460,807	—
Credits against note receivable	110,847	—
Discount on note receivable	499,016	—
Common stock issued for services	389,981	—

(1) Includes \$330,011 cash presented in current assets held for sale on the consolidated balance sheet as of June 30, 2025.

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

iPower Inc.
Notes to Consolidated Financial Statements
As of June 30, 2026 and 2025 and for the Years Ended June 30, 2026 and 2025

Note 1 - Nature of business and organization

iPower Inc., formerly known as BZRTN Inc., a Nevada corporation (the “Company”), was incorporated on April 11, 2018. The Company is principally 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.

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

Basis of presentation

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulations of the Securities Exchange Commission (“SEC”). The Company’s fiscal year end date is June 30.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, GSM, Smart LLC, Nexus, 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 year ended June 30, 2026 was 6.9951 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.

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 June 30, 2026, the Company had cash and cash equivalents of \$478,042 and a working capital of \$3.4 million. In assessing the Company's liquidity requirements for the twelve months following the issuance of these consolidated financial statements, management considered the Company's expected cash flows from operations, available financing sources, and significant contractual obligations. The Company has approximately \$4.7 million of financing proceeds raised subsequent to June 30, 2026, as well as 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. The Company's significant cash requirements include approximately \$5.8 million of convertible notes outstanding, which do not mature until December 2027 through September 2028, although the notes require monthly interest payments and may be converted into common stock in accordance with their terms, and approximately \$0.8 million of net lease payments expected during fiscal 2027. Although the Company incurred a net loss of approximately \$11.6 million and negative operating cash flows during the year ended June 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 received subsequent to year-end, 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 twelve 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.

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:

	June 30, 2026	June 30, 2025
Cash and cash equivalents	\$ 478,042	\$ 1,677,879
Cash and cash equivalents included in current assets held for sale	—	330,011
Restricted cash	3,252,140	—
Total cash, cash equivalents and restricted cash shown in the Consolidated Statement of Cash Flows	<u>\$ 3,730,182</u>	<u>\$ 2,007,890</u>

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, and United Package NV LLC, a 44% 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 June 30, 2026, consisted of Bitcoin ("BTC"), Ethereum ("ETH"), and sUSDai, 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.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. The Company accounts for goodwill under *ASC Topic 350, Intangibles-Goodwill and Other*.

Goodwill is not amortized but is reviewed for potential impairment on an annual basis, or if events or circumstances indicate a potential impairment, at the reporting unit level. The Company's review for impairment includes an assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill. If it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill, a quantitative goodwill impairment test is performed, which compares the fair value of the reporting unit with its carrying amounts, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. However, if the carrying amount of the reporting unit exceeds its fair value, an impairment loss will be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

During the year ended June 30, 2026, the Company performed a goodwill impairment analysis following the steps laid out in ASC 350 and concluded that the carrying value of goodwill was impaired, primarily due to a sustained decline in the Company's share price and market capitalization. Accordingly, the Company recognized a full goodwill impairment charge during the period. As of June 30, 2026 and 2025, the goodwill balance amounted to \$0 and \$3,034,110, respectively.

Intangible assets

Finite life intangible assets at June 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 years ended June 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 year ended June 30, 2026:

Derivative Liability	Amount
Balance as of June 30, 2025	\$ —
Initial fair value upon issuance of convertible notes	2,574,200
Extinguishment of derivative liability upon conversion of convertible notes	(1,285,400)
Gain on change in fair value of derivative liability	(682,100)
Balance as of June 30, 2026	<u>\$ 606,700</u>

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 June 30, 2026 and 2025, the Company had goodwill with a carry book value of \$0 and \$3,034,110, 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 June 30, 2026 consisted of the following:

	Fair Value Measurements as of June 30, 2026			
	Total Fair Value	Level 1	Level 2	Level 3
Digital assets	2,356,644	2,356,644	–	–
Derivative liability	\$ (606,700)	\$ –	\$ –	\$ (606,700)
Total recurring fair value measurements	\$ 1,749,944	\$ 2,356,644	\$ –	\$ (606,700)

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 years ended June 30, 2026 and 2025, the Company recorded vendor credit of \$0 and \$48,903, respectively. 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 years ended June 30, 2026 and 2025 were as following.

	2026	2025
Advertising and promotion	\$ 709,256	\$ 3,351,814

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.

Equity offering costs

The Company capitalizes certain legal, accounting and other third-party fees that are directly related to an equity financing that is probable of successful completion until such financing is consummated. After consummation of an equity financing, these costs are recorded as a reduction of the proceeds received as a result of the offering. Should a planned equity financing be abandoned, terminated or significantly delayed, the deferred offering costs are immediately written off to operating expenses in the consolidated statements of operations and comprehensive income (loss) in the period of determination. As of June 30, 2026 and 2025, there were no deferred offering costs included in the consolidated balance sheets.

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 years ended June 30, 2026 and 2025, sales through Amazon to Canada and other foreign countries were approximately 6.8% and 7.2% of the Company's total sales, respectively. During the year ended June 30, 2026, sales of hydroponic products, including ventilation and grow light systems, were approximately 10.0% of the Company's total sales and the remaining 90.0% consisted of general gardening, home goods, and other products and accessories. During the year ended June 30, 2025, sales of hydroponic products, including ventilation and grow light systems, were approximately 19% of the Company's total sales and the remaining 81% consisted of general gardening, home goods, and other products and accessories. As of June 30, 2026 and 2025, the Company had approximately \$0 and \$1.0 million 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 year. 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 Company is currently evaluating the impact of this ASU on its measurement of expected credit losses.

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 June 30, 2026 and 2025, the carrying value of the investment in Box Harmony was \$12,773 and \$13,264, 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 years ended June 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. During the years ended June 30, 2026 and 2025, the Company invested \$293,526 and \$371,916, 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	\$ 165,243	\$ 311,852
Prepayments and other receivables	\$ 290	\$ 279
Rent deposit	\$ —	\$ 9,772
Office equipment, net	\$ 3,652	\$ 3,562
Accounts payable	\$ 103,377	\$ 99,544
Income tax payable	\$ —	\$ 280,155
Other payables and accrued liabilities	\$ 24,915	\$ 465,990

The Company recorded a \$41,519 loss on deconsolidation of VIE for the year ended June 30, 2026.

The operating results of the VIE were as follows for the year ended June 30, 2026 and 2025:

	2026	2025
Revenue	\$ —	\$ —
Net income (loss) after elimination of intercompany transactions	\$ 1,201,410	\$ 1,231,686

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. 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 years ended June 30, 2026 and 2025:

Component	Years Ended	
	6/30/2026	6/30/2025
Income from discontinued operations	\$ 559,336	\$ 465,406
Gain on disposition of subsidiaries	1,613,936	–
Income tax expenses	386,153	93,824
Total discontinued operations, net of tax	<u>\$ 1,787,119</u>	<u>\$ 371,582</u>

The following table presents items from discontinued operations for the years ended June 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:

	Years Ended	
	6/30/2026	6/30/2025
Income from discontinued operations	\$ 559,336	\$ 465,406
Gain on disposition of subsidiaries	1,613,936	–

Cash flows related to discontinued operations included \$83,545 of cash used in investing activities for the year ended June 30, 2026. In addition, as part of the consideration received in connection with the disposition of the subsidiaries, the Company received a \$2.3 million promissory note, which represents a non-cash investing activity. There were no financing activities related to discontinued operations for the years ended June 30, 2026 and 2025.

Note 6 – Accounts Receivable

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

	June 30, 2026	June 30, 2025
Accounts receivable	\$ 7,107,396	\$ 8,048,425
Less: allowance for credit losses	(2,735,696)	(1,924,417)
Total accounts receivable	<u>\$ 4,371,700</u>	<u>\$ 6,124,008</u>

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

	Allowance for Credit Losses
Balance at June 30, 2025	\$ 1,924,417
Allowance recorded during the year ended June 30, 2026	811,279
Balance at June 30, 2026	<u>\$ 2,735,696</u>

Note 7 – Inventories

As of June 30, 2026 and 2025, inventories consisting of finished goods ready for sale were as follows:

	June 30, 2026	June 30, 2025
Finished goods	\$ 284,258	\$ 8,443,671
Less: Allowance for obsolescence	(284,258)	(312,468)
Total	<u>\$ –</u>	<u>\$ 8,131,203</u>

On June 30, 2026, the Company entered into an agreement with GPM to transfer \$2,007,367 of inventories in exchange for assumption of the same amount of accounts payable.

For the year ended June 30, 2026 and 2025, the Company recorded inventory reserve expense of \$(28,210) and \$(335,358), respectively. As of June 30, 2026 and 2025, allowance for obsolescence was \$284,258 and \$312,468, respectively.

Note 8 – Prepayments and Other Current Assets

As of June 30, 2026 and 2025, prepayments and other current assets consisted of the following:

	June 30, 2026	June 30, 2025
Advance to suppliers	\$ 871,966	\$ 1,787,296
Prepaid income taxes	99,954	19,072
Receivables – fulfillment fees	820,615	–
Prepaid expenses and other receivables	754,220	1,047,451
Less: Allowance for credit losses	–	–
Total	<u>\$ 2,546,755</u>	<u>\$ 2,853,819</u>

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 year ended June 30, 2026:

	Fair Value
Balance as of June 30, 2025	\$ –
Purchase of BTC	1,325,400
Purchase of ETH	883,600
Purchase of sUSDai	1,001,500
Sales of BTC	–
Sales of ETH	–
Sales of sUSDai	–
Change in fair value of BTC	(441,278)
Change in fair value of ETH	(411,078)
Change in fair value of sUSDai	(1,500)
Balance as of June 30, 2026	<u>\$ 2,356,644</u>

During the years ended June 30, 2026 and 2025, the Company recognized a net unrealized loss of \$853,856 and \$0, respectively, on its digital asset holdings.

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

Digital assets held:	June 30, 2026		
	Units	Cost Basis	Fair Value
BTC	15.12	\$ 1,325,400	\$ 884,122
ETH	301.09	883,600	472,522
sUSDai	913,539.00	1,001,500	1,000,000
		<u>\$ 3,210,500</u>	<u>\$ 2,356,644</u>

Note 10 – Intangible Assets

As of June 30, 2026 and 2025, intangible assets, net, consisted of the following:

	June 30, 2026	June 30, 2025
Covenant not to compete	\$ 3,459,120	\$ 3,459,120
Supplier relationships	1,179,246	1,179,246
Software	534,591	534,590
Accumulated amortization	(2,841,000)	(2,191,628)
Total	<u>\$ 2,331,957</u>	<u>\$ 2,981,328</u>

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 June 30, 2026 was approximately 4.2 years. The amortization expense for years ended June 30, 2026 and 2025 was \$649,371 and \$649,371, respectively. At June 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	609,277
2028	468,750
2029	345,912
2030	345,912
2031	345,912
Thereafter	216,194
Intangible assets, net	<u>\$ 2,331,957</u>

During the years ended June 30, 2026 and 2025, the Company made cash prepayments of \$1,118,280 and \$1,519,928, respectively, for software development. The June 30, 2025 balance included \$460,807 that was classified as held for sale on the consolidated balance sheet.

As of June 30, 2026, software under development amounted to \$2,638,208, including \$460,807 acquired from GPM (See Note 5 above for additional information). As of June 30, 2025, software under development amounted to \$1,519,928, of which \$460,807 was classified as held for sale.

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. Because the discount was recognized as of June 30, 2026, no related interest income was recognized during the year ended June 30, 2026.

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 June 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.

During the year ended June 30, 2026, pursuant to the Supply and Distribution Agreement, the Company received a principal repayment of \$110,847 under the Promissory Note.

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 June 30, 2026 and 2025, other payables and accrued liabilities consisted of the following:

	June 30, 2026	June 30, 2025
Accrued payables for inventory in transit	\$ –	\$ 262,570
Credit cards payable	173,760	143,518
Customer deposits	630,386	291,995
Accrued Amazon fees	77,191	76,534
Sales taxes payable	637,308	433,604
Accrued payroll and related expenses	14,724	560,387
Other accrued liabilities and payables	52,648	124,516
Total	<u>\$ 1,586,017</u>	<u>\$ 1,893,124</u>

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 \$1274.40 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.

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 128% to 141%; (iii) risk-free interest rate of approximately 3.5% to 4.1%; (iv) term of 2.0 years; (v) fair value of the common shares of \$4.4 to \$10.46 (on pre-split basis) per share; and (vi) various probability assumptions.

At June 30, 2026, the Company remeasured the derivative liability using updated assumptions: (i) dividend yield of 0%; (ii) expected volatility of 116% to 124%; (iii) risk-free interest rate of approximately 4.1%; (iv) remaining term of 1.5 to 1.9 years; (v) fair value of the common shares of \$2.14 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 \$4,317,367, consisting of the fair value of the bifurcated derivative liability of \$2,574,200, the original issue discount of \$720,000, and debt issuance costs of \$1,023,167. 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 6% to 23%.

During the year ended June 30, 2026, the holder converted Convertible Notes with an aggregate fair value of \$9,150,119, including \$8,013,397 of principal plus underlying interest, into 148,234 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 \$2,324,402, representing the excess of the fair value of shares issued over the carrying amounts derecognized.

As of June 30, 2026, the remaining outstanding principal balance of the Convertible Notes was \$3,986,603 and an unamortized debt discount of \$1,243,766, resulting in a net carrying amount of \$2,742,837. Interest expense, including amortization of debt discount, recognized on the Convertible Notes during the year ended June 30, 2026, was \$690,444.

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 years ended June 30, 2026 and 2025:

	2026	2025
Accrued interest	\$ 113,507	\$ 244,078
Credit utilization fees	18,636	57,052
Amortization of debt discount	–	125,906
Total	<u>\$ 132,143</u>	<u>\$ 427,036</u>

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 June 30, 2026 and 2025, the outstanding amount of the ABL, which was classified as current revolving loan payable, including interest payable, was \$0 and \$3,737,602, 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 years ended June 30, 2026 and 2025, the Company recorded interest expense of \$0 and \$3,733, respectively. As of June 30, 2026 and 2025, 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 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 year ended June 30, 2026, the Company recorded interest expense of \$29,250, respectively. As of 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 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, Pacelcor Inc. (“Pacelcor”), 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 Pacelcor. As a result, Pacelcor has become a related party of the Company since June 6, 2025. For the years ended June 30, 2026 and 2025, the Company received \$3,394,399 and \$202,922, respectively, in services from Pacelcor. As of June 30, 2026 and 2025, the accounts payable to Pacelcor was \$240,425 and \$78,831, respectively. Ms. Yang’s other entity, Pacelcor NV Inc. (“Pacelcor NV”) also provides marketing services for the Company. During the year ended June 30, 2026, the Company recorded \$100,470 of selling expense. As of June 30, 2026 and 2025, the outstanding accounts payable to Pacelcor NV was \$415,489 and \$315,019, 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 years ended June 30, 2026 and 2025, no GILTI tax was recorded as of June 30, 2026 and 2025. The Company is not eligible for the GILTI high-tax exclusion.

For the years ended June 30, 2026 and 2025, the Company had income tax benefit of \$3,079,172 and \$1,348,313, 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 expenses at the effective rate to income tax at the calculated statutory rates:

	For the Year Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
Statutory tax rate				
Federal	\$ 3,462,659	21.00 %	\$ 1,406,463	21.00 %
State (net of federal benefit)	887,101	5.38 %	377,184	5.63 %
Foreign tax	(49,467)	(0.3)%	(249,815)	(3.73)%
Permanent differences	(705,723)	(4.28)%	–	– %
Others	(515,398)	(3.13)%	(185,519)	(2.77)%
Effective tax rate	<u>\$ 3,079,172</u>	<u>18.67 %</u>	<u>\$ 1,348,313</u>	<u>20.13 %</u>

As of June 30, 2026, prepaid income taxes to US tax authorities was \$99,954. As of June 30, 2025, prepaid income taxes to US tax authorities and income tax payable to Chinese tax authorities was \$19,073 and \$280,155, respectively.

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

	June 30, 2026	June 30, 2025
Deferred tax assets		
263A calculation	\$ –	\$ 256,568
Inventory reserve	75,001	83,180
State taxes	3,797	4,844
Accrued expenses	21,745	21,750
ROU assets / liabilities	71,926	95,711
Net operating loss	4,627,370	2,962,954
Disallowed interest expense	403,565	311,662
Stock-based compensation	524,891	336,394
Unrealized gain/loss	230,654	–
Allowance for credit loss	720,427	512,289
Discount on note receivable	131,767	–
Total deferred tax assets	<u>6,811,143</u>	<u>4,585,352</u>
Deferred tax liabilities		
Depreciation	(29,280)	(56,648)
Intangible assets acquired	(632,907)	(804,242)
Total deferred tax liabilities	<u>(662,187)</u>	<u>(860,890)</u>
Net deferred tax assets	<u>\$ 6,148,956</u>	<u>\$ 3,724,462</u>

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 June 30, 2026 and 2025.

Note 16 – Earnings Per Share

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

	Year Ended June 30,	
	2026	2025
Numerator:		
Net loss attributable to iPower Inc.	\$ (11,622,242)	\$ (4,968,288)
Denominator:		
Weighted-average shares used in computing basic and diluted earnings per share*	33,671	14,558
Losses per share of ordinary shares from continuing operations - basic and diluted	\$ (398.24)	\$ (366.80)
Losses per share of ordinary shares from discontinued operations - basic and diluted	53.08	25.52
Earnings (losses) per share of ordinary shares - basic and diluted	\$ (345.16)	\$ (341.28)

* 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 years ended June 30, 2026 and 2025.

* For the year ended June 30, 2025, 36 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 June 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, and August 7, 2026, the Company effectuated the 1-for-30, 1-for-8, and 1-for-9 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 965 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 965 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 \$5,184.0 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 \$4,320.00 on a post-reverse-split basis)
- Exercise Price - \$2.40 (pre-reverse-split price; equivalent to \$5,184.00 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 June 30, 2026 and 2025, 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 18,056 shares to the Company for cancellation (the “Share Cancellation”). The Share Cancellation was completed in June 2024 and the par value of \$542 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 year ended June 30, 2026, the Company issued the following common stock of the Company:

- 554 shares for vested RSUs;
- 148,234 shares in connection with the conversion of \$9,150,119 in aggregate fair value of convertible notes at a weighted-average conversion price of \$61.73 per share;
- 5,231 shares for services to consultants; and
- 5 shares were issued as round-up shares in connection with the reverse stock split that became effective on October 27, 2025 and May 22, 2026.

As of June 30, 2026 and 2025, there were 168,542 and 14,518 shares of Common Stock issued, respectively, and 167,196 and 14,518 shares of common stock issued and outstanding, respectively.

During the year ended June 30, 2026, the Company repurchased an aggregate of 1,346 shares of its common stock for approximately \$41,755 in open-market transactions.

As of June 30, 2026, the Company held 1,346 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 June 30, 2026 and 2025, 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 (627,315 shares on a post reverse split basis, taking into account the May 22, 2026 and August 7, 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 and September 15, 2023, November 22, 2023, and April 17, 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, 1,127 RSUs, calculated based on the closing price, \$709.85, 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 years ended June 30, 2026 and 2025, the Company granted an additional 2,480 and 41 shares of RSUs to the Company's employees and directors, respectively.

For the years ended June 30, 2026 and 2025, the Company recorded stock-based compensation expense of \$866,667 and \$93,455, respectively, related to the vesting of RSUs. As of June 30, 2026 and 2025, the unvested number of RSUs was 868 and 7 and the unamortized expense was \$33,333 and \$8,333, respectively.

Information relating to RSU grants is summarized as follows:

For year ended June 30, 2026:

	Total RSUs Issued	Total Fair Market Value of RSUs Issued as Compensation (1)
RSUs granted, but not vested, at June 30, 2025	7	
RSUs granted	2,480	\$ 891,670
RSUs forfeited	—	
RSUs vested	(1,619)	
RSUs granted, but not vested, at June 30, 2026	<u>868</u>	

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

As of June 30, 2025, of the 189 vested RSUs, 132 shares of Common Stock were issued, and 57 shares were issued during the year ended June 30, 2026.

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) 1,389 shares of Common Stock to Chenlong Tan, CEO and (ii) 153 shares of Common Stock to Mr. Vassily. The Option Grants, which were issued on May 13, 2022, have an exercise price of \$2,419.2, 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 June 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 \$2,419.20 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 June 30, 2026, none of the options had vested. For the years ended June 30, 2026 and 2025, the Company recorded \$(472,343) and \$(468,778), respectively, of stock-based compensation expense related to the Option Grants. As of 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 556 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 \$3,088.8 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: 14 shares vested on the grant date (August 29, 2024), and 15 shares 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 \$2,808.00 on a post-reverse-split basis)
- Exercise Price - \$1.43 (pre-reverse-split price; equivalent to \$3,088.80 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 years ended June 30, 2026 and 2025, 180 and 165 stock options, respectively, were vested and the Company recorded \$398,047 and \$362,325 as stock compensation expense, respectively. As of June 30, 2026, the unrecognized compensation cost of the 2024 Stock Options was approximately \$0.5 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 June 30, 2026 and 2025, \$478,042 and \$1,677,879, 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 \$0.05 million and \$1.4 million, respectively, in excess of the FDIC insurance limit, as of June 30, 2026 and 2025.

As of June 30, 2026, the Company had approximately \$3.25 million of restricted cash and \$2.36 million of digital assets 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 years ended June 30, 2026 and 2025, Amazon Vendor and Amazon Seller customers accounted for 38% and 82% of the Company’s total revenues, respectively. For the year ended June 30, 2026, GPM accounted for approximately 37% of the Company’s total revenues. As of June 30, 2026 and 2025, accounts receivable from Amazon Vendor and Amazon Seller accounted for 62% and 72% of the Company’s total accounts receivable. As of June 30, 2026, accounts receivable from GPM accounted for approximately 34% of the Company’s total accounts receivable.

For the year ended June 30, 2026, one supplier accounted for 60.8% of the Company’s total purchases. For the year ended June 30, 2025, two suppliers accounted for 14% and 11% of the Company’s total purchases, respectively. As of June 30, 2026, accounts payable to three suppliers accounted for 26.3%, 16.5%, and 12.5% of the Company’s total accounts payable. As of June 30, 2025, accounts payable to one supplier accounted for 10% 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 year ended June 30, 2026, the Company recognized \$168,750 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 Years Ended June 30,	
	2026	2025
<u>Lease cost</u>		
Operating lease cost (included in G&A in the Company's statement of operations)	\$ 1,446,982	\$ 2,083,235
Short-term lease expenses	9,781	85,954
<u>Other information</u>		
Cash paid for amounts included in the measurement of lease liabilities	\$ 1,533,918	\$ 2,216,896
Remaining term in years	1.92	2.92
Average discount rate - operating leases	5%	5%

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

	June 30, 2026	June 30, 2025
Operating leases		
Right of use asset	\$ 2,641,366	\$ 3,915,539
Lease Liabilities – current	1,483,163	1,361,111
Lease Liabilities - non-current	1,430,806	2,913,967
Total operating lease liabilities	<u>\$ 2,913,969</u>	<u>\$ 4,275,078</u>

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

	Operating Lease
For Year ending June 30:	
2027	1,586,572
2028	1,459,411
Less: Imputed interest/present value discount	(132,014)
Present value of lease liabilities	<u>\$ 2,913,969</u>

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 2026 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

The Company evaluated subsequent events and transactions through the date the consolidated financial statements are issued. Other than as set forth below, there were no material subsequent events that required recognition or additional disclosure in the consolidated financial statements presented.

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, pursuant to the Securities Purchase Agreement dated December 22, 2025 (the "Purchase Agreement") with an institutional investor (the "Investor"), the Company and Investor consummated Additional Optional Closings. 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 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 Notes issued at the Additional Optional Closings were issued pursuant to an exemption from registration in accordance with Regulation D of the Securities Act.

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 "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.

Pursuant to the Purchase Agreement and the Series A 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.

Pursuant to authority granted by the Company's stockholders, on July 16, 2026, the Board approved a reverse split of between one-for-two (1:2) and one-for-10 (1:10) (the "Reverse Stock Split") of the Common Stock, with the final split ratio to be set at the discretion of Company management. Thereafter, Company management determined to set a Reverse Stock Split Ratio of one-for-nine (1:9) and on August 5, 2026, the Company filed a certificate of amendment to amend the Sixth Amended and Restated Articles of Incorporation of the Company (the "Certificate of Amendment") with the Secretary of State of the State of Nevada, with an effective date of August 7, 2026 (the "Effective Date"), to effect a 1:9 Reverse Stock Split. The Reverse Stock Split became effective at the start of trading on August 7, 2026 (the "Effective Time"). When the Reverse Stock Split became effective, every nine (9) shares of the Company's issued and outstanding Common Stock immediately prior to the Effective Time 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.

On August 14, 2026, the Company sold all sUSDai for approximately \$1,002,381 and all Ethereum for approximately \$563,391.

On September 21, 2026, the Company's shareholder approved a Third Amended and Restated 2020 Equity Incentive Plan to (i) adjust the total number of the Company's shares reserved for issuance under the plan to 50,000,000 shares and (ii) adopt an evergreen provision providing for a 5% automatic annual increase in the shares of common stock available for issuance under the plan over a period of ten years.

During the period from July 1, 2026 to the date of this report, the Company issued total of 386,785 shares of common stock to consultants for services and 707,214 shares upon conversion of the convertible notes.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

As required by Rule 13a-15 of the Exchange Act, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures and internal control over financial reporting as of the end of the period covered by this Annual Report.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act that are designed to ensure that information required to be disclosed in our reports filed or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and that information is accumulated and communicated to management, including the principal executive and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. Our principal executive officer and principal financial officer evaluated the effectiveness of disclosure controls and procedures as of the end of the period covered by this Annual Report (the "Evaluation Date"), pursuant to Rule 13a-15(b) under the Exchange Act. Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were not effective due to material weaknesses described in our report on internal control over financial reporting below.

Notwithstanding the existence of the material weaknesses, we believe that the consolidated financial statements included in this report fairly present in accordance with U.S. GAAP, in all material respects, our financial condition, results of operations and cash flows for the periods presented in this Annual Report.

Limitations on the Effectiveness of Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all controls systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving its objectives.

Management's Report on Internal Control Over Financial Reporting

Our principal executive officer and our principal accounting and financial officer are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Management conducted an assessment of the effectiveness of our internal control over financial reporting as of June 30, 2026. In making this assessment, management used the criteria described in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based upon such assessment and due to the existence of the material weaknesses in our internal control over financial reporting described below, our principal executive officer and our principal accounting and financial officer have concluded that, as of June 30, 2026, our internal control over financial reporting was 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.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable and not absolute assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of certain events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

In light of the material weaknesses described above, we performed additional analysis and other post-closing procedures to ensure our financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the consolidated financial statements included in this Annual Report fairly present in accordance with U.S. GAAP, in all material respects, our financial condition, results of operations and cash flows for the periods presented in this Annual Report.

Changes in Internal Control over Financial Reporting

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

HTL International, LLC, our independent registered public accounting firm, is not required to and has not provided an assessment of the design or effectiveness of our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

During the quarter ended June 30, 2026, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive Officers and Directors

All of our directors hold office for one-year terms until the election and qualification of their successors. Officers are appointed by our board of directors and serve at the discretion of the board of directors, subject to applicable employment agreements. The following table sets forth information relating to our executive officers and members of our board of directors.

Name	Age	Position
Chenlong Tan	43	Chairman, Chief Executive Officer, Interim Chief Financial Officer, President, and Director
Yue Guo	39	Independent Director
Hanxi Li	39	Independent Director
Bennet Tchaikovsky	57	Independent Director
Yi Yang	40	Director

Chenlong Tan. Mr. Tan cofounded our Company in 2018 and is the Chairman, Chief Executive Officer, Interim Chief Financial Officer, and President. He has held the position of Chief Executive Officer since April 2018 and assumed the positions of Chairman, President and Interim Chief Financial Officer in January 2020. Mr. Tan held the position of Interim Chief Financial Officer until January 2021, and again since June 2025. From 2010 until 2018, Mr. Tan was the cofounder, Chief Executive Officer and Chief Information Officer at our predecessor, BizRight LLC, where he built the business from the ground up to achieve \$20 million in sales through data driven development. From 2002 until 2010, Mr. Tan served as a Solution Architect and Senior Software Engineer at various companies, where he took a lead role, managing consultants, business architects and project managers, in working with healthcare companies in completing scoping requirements, solution gathering and project management, among other things. Mr. Tan received his B.Sc. at the University of Auckland in New Zealand, where he graduated with honors.

Yue Guo. Ms. Guo was appointed to serve as a director on our board of directors on May 8, 2025. Ms. Guo is a seasoned technology and developer marketing expert with 14 years of experience in the IT and internet industry, specializing in community building, product management, and strategic content operations. Currently a Senior Developer Marketing Manager at Amazon Web Services (AWS) China since May 2021, Ms. Guo has successfully led the establishment of the China Developer Center, achieving 1.2 million annual engagements and onboarding 30,000 new developers within the first year. Before AWS, Ms. Guo was the Head of Developer Market at JD Cloud Technology, from October 2018 to May 2021, where they scaled a developer community to 10 million annual users, generated over 1,000 technical content pieces annually, and established key partnerships with universities and tech foundations. At Baidu, Ms. Guo led the Apollo developer community, building the world's largest autonomous driving community with over 100,000 developers and launching a globally recognized autonomous driving curriculum in partnership with top universities. A recognized leader in the tech community, Ms. Guo has been an advisory member at OpenSourceCommunity and an expert committee member at the China Open Source Promotion Union (COPU). They are also a member of the China Computer Federation (CCF) Programmer Culture Committee and have represented AWS China in the LF AI & Data community. Ms. Guo's core strengths include product strategy, content operations, community growth, and developer relations, with a proven track record of driving strategic initiatives that foster engagement, brand visibility, and technical partnerships across major tech ecosystems. We believe that Ms. Guo's extensive experience in computer science and software will benefit the Company's business and operations and make them a valuable member of the board of directors.

Hanxi Li. Ms. Li was appointed to serve as a director on our board of directors on December 23, 2021 and serves as chair of our compensation committee. Ms. Li has more than a decade of marketing experience working with Fortune 50 companies and international conferences. Since 2019, Ms. Li has served as Vice President of Marketing for Elegantz Productions LLC. In this role, she executed branding and marketing campaigns targeting the United States region for Sequoia Capital and Xiaomi. She also formed a long-term partnership with ByteDance Ltd. and Ciwen Media. From 2017 to 2018, she was the marketing director of the Company's predecessor, Bizright LLC, where she was in charge of the company's branding and marketing strategies, including the expansion of the company's social media marketing. From 2013 to 2016, Ms. Li was a partner at a private video studio where she worked with top companies across industries, including Bluefocus, and executed a performance project in the China National Olympic Park. From 2011 to 2014, as publicity supervisor for the China National Convention Center, Ms. Li led efforts for branding and media channels for national and international meetings. Her long track record as a successful marketing leader makes her ideally suited to serving as a member of our board of directors.

Bennet Tchaikovsky. Mr. Tchaikovsky serves as a member of our board of directors, a position he has held since May 2021, following completion of our initial public offering, and serves as chair of the audit committee. Since August 2014, Mr. Tchaikovsky has been a full-time professor at Irvine Valley College. From January 2022 to June 2024, Mr. Tchaikovsky served as a part-time accounting instructor at California State University, Fullerton. From January 2020 through December 2021, Mr. Tchaikovsky served as a member of the board of directors for Oriental Culture Holding Group, Ltd. (Nasdaq: OCG). From February 2021 through July 2022, Mr. Tchaikovsky served as a member of the board of directors for Industrial Human Capital, Inc. (NYSE: AXH). From September 2020 through December 2021, Mr. Tchaikovsky served as a part-time accounting instructor at Long Beach City College. From August 2018 to May 2019, Mr. Tchaikovsky was a part-time instructor at Chapman University. From November 2013 to August 2019, Mr. Tchaikovsky served as a board member and chairman of the audit committee of Ener-Core, Inc. (OTCMKTS: ENCR). From August 2013 to May 2014, Mr. Tchaikovsky was a part-time faculty member of Irvine Valley College and a part-time faculty member of Pasadena City College. Mr. Tchaikovsky has served as a director on the board of directors of China Jo-Jo Drugstores, Inc. (NASDAQ: CJJD) from August 2011 to January 2013 and as its chief financial officer from September 2009 to July 2011. From April 2010 to August 2013, Mr. Tchaikovsky served as chief financial officer of VLOV, Inc. From May 2008 to April 2010, Mr. Tchaikovsky served as chief financial officer of Skystar Bio-Pharmaceutical Company. From March 2008 to November 2009, Mr. Tchaikovsky served as a director on the board of directors of Ever-Glory International Group (Nasdaq: EVK), where he served as chairman of the audit committee and was a member of the compensation committee. From December 2008 through November 2009, Mr. Tchaikovsky served as a director of Sino Clean Energy, Inc. Mr. Tchaikovsky received his Juris Doctorate degree from Southwestern Law School in December 1996 and his Bachelor of Arts degree in Business Economics from the University of California at Santa Barbara in August 1991. Mr. Tchaikovsky is an actively licensed Certified Public Accountant in California and is an actively licensed member of the California State Bar. We believe that Mr. Tchaikovsky's extensive experience in accounting and business will benefit the Company's business and operations and make him a valuable member of the board of directors and its committees.

Yi Yang. Ms. Yang was appointed to serve as a director on our board of directors on June 6, 2025. Ms. Yang has served as the Founder and Chief Executive Officer of Custom Cup Factory, Inc. since 2020 and as the Founder and Chief Executive Officer of Pacelcor since 2022. From 2017 until 2018, Ms. Yang was founder and operator of Lebonbon, a boutique catering and event service company specializing in desserts, beverages, and party/event execution. From 2010 until 2014, Ms. Yang was a personnel specialist with the United States Navy, where she managed personnel records, advancement testing and military benefits, among other duties. We believe that Ms. Yang's extensive experience in packaging, wholesale and logistics will benefit the Company's business and operations and make Ms. Yang a valuable member of the board of directors.

Family Relationships

There are no family relationships among any of our officers or directors.

Involvement in Certain Legal Proceedings

To our knowledge, during the past ten years, none of our directors, executive officers, promoters, control persons, or nominees has:

- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
- been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Board Committees

Our board of directors has established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each of these committees operates under a charter that has been approved by our board of directors, as set forth below.

Audit Committee. Our Audit Committee consists of three independent directors. The members of the Audit Committee are Mr. Tchaikovsky, Ms. Guo and Ms. Li. The Audit Committee consists exclusively of directors who are financially literate and Mr. Tchaikovsky serves as chair of the Audit Committee. As a licensed certified public accountant, Mr. Tchaikovsky is considered an “audit committee financial expert” as defined by the SEC’s rules and regulations.

The audit committee responsibilities include:

- overseeing the compensation and work of and performance by our independent auditor and any other registered public accounting firm performing audit, review or attestation services for us;
- engaging, retaining and terminating our independent auditor and determining the terms thereof;
- assessing the qualifications, performance and independence of the independent auditor;
- evaluating whether the provision of permitted non-audit services is compatible with maintaining the auditor’s independence;
- reviewing and discussing the audit results, including any comments and recommendations of the independent auditor and the responses of management to such recommendations;
- reviewing and discussing the annual and quarterly financial statements with management and the independent auditor;
- producing a committee report for inclusion in applicable SEC filings;
- reviewing the adequacy and effectiveness of internal controls and procedures;
- establishing procedures regarding the receipt, retention and treatment of complaints received regarding the accounting, internal accounting controls, or auditing matters and conducting or authorizing investigations into any matters within the scope of the responsibility of the audit committee; and
- reviewing transactions with related persons for potential conflict of interest situations.

Compensation Committee. Our Compensation Committee consists of three independent directors. The members of the Compensation Committee are Ms. Li, Mr. Tchaikovsky and Ms. Guo. Ms. Li serves as the chair of the Compensation Committee. The committee has primary responsibility for:

- reviewing and recommending all elements and amounts of compensation for each executive officer, including any performance goals applicable to those executive officers;
- reviewing and recommending for approval the adoption, any amendment and termination of all cash and equity-based incentive compensation plans;
- once required by applicable law, causing to be prepared a committee report for inclusion in applicable SEC filings;
- approving any employment agreements, severance agreements or change of control agreements that are entered into with the Chief Executive Officer and certain executive officers; and
- reviewing and recommending the level and form of non-employee director compensation and benefits.

Nominating and Governance Committee. The Nominating and Governance Committee consists of three independent directors. The members of the Nominating and Governance Committee are Ms. Guo, Ms. Li and Mr. Tchaikovsky. Ms. Guo serves as chair of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee's responsibilities include:

- recommending persons for election as directors by the stockholders;
- recommending persons for appointment as directors to the extent necessary to fill any vacancies or newly created directorships;
- reviewing annually the skills and characteristics required of directors and each incumbent director's continued service on the board of directors;
- reviewing any stockholder proposals and nominations for directors;
- advising the board of directors on the appropriate structure and operations of the board of directors and its committees;
- reviewing and recommending standing board committee assignments;
- developing and recommending to the board of directors the Corporate Governance Guidelines, a Code of Business Conduct and Ethics and other corporate governance policies and programs and reviewing such guidelines, code and any other policies and programs at least annually;
- making recommendations to the board of directors as to determinations of director independence; and
- making recommendations to the board of directors regarding corporate governance based upon developments, trends, and best practices.

The Nominating and Governance Committee will consider stockholder recommendations for candidates for the board of directors.

Code of Business Conduct and Ethics

The Company maintains a formal Code of Business Conduct and Ethics (the "Code") that is applicable to every officer, director, employee and consultant (the "Employees") of the Company and its affiliates. The Code reaffirms the high standards of business conduct required of all of the Company's Employees.

Insider Trading Policy

The Company maintains an insider trading policy to help the Company's Employees comply with federal and state securities laws, prevent insider trading and govern the terms and conditions at which the Employees can trade in the Company's securities. On September 3, 2025, the board of directors of the Company adopted an amended and restated policy on insider trading (the "Amended and Restated Insider Trading Policy"). The Amended and Restated Insider Trading Policy was updated in order to adjust the blackout period from three weeks before quarter end to two weeks before quarter end and update the requirements for establishing a 10b5-1 plan.

Incentive-Based Compensation Recovery (Clawback) Policy

The Company maintains an incentive-based compensation recovery (clawback) policy to enable the Company to recover erroneously awarded compensation in the event that the Company is required to prepare an accounting restatement.

Limitation of Directors Liability and Indemnification

The Nevada Revised Statutes (“NRS”) authorizes corporations to limit or eliminate, subject to certain conditions, the personal liability of directors to corporations and their stockholders for monetary damages for breach of their fiduciary duties.

iPower maintains stand-alone director and officer liability insurance to cover liabilities our directors and officers may incur in connection with their services to us, including matters arising under the Securities Act. In addition, Nevada law and our bylaws provide that we will indemnify our directors and officers who, by reason of the fact that he or she is an officer or director, is involved in a legal proceeding of any nature.

There is no pending litigation or proceeding against any of our directors, officers, employees or agents in which indemnification will be required or permitted. We are not aware of any threatened litigation or proceeding which may result in a claim for such indemnification.

Indemnification Agreements

To date, we have no specific indemnification agreements with our directors or executive officers. However, our officers and directors are entitled to indemnification through our bylaws and to the extent allowed pursuant to the NRS, federal securities law and our directors and officers liability insurance.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the SEC and to provide us with copies of those filings. Based solely on our review of the copies of such forms furnished to us and written representations by our officers and directors regarding their compliance with applicable reporting requirements under Section 16(a) of the Exchange Act, we believe that all Section 16(a) filing requirements for our executive officers, directors and 10% stockholders were met during the year ended June 30, 2026, except for the following:

Name	Late Reports
Yue Guo	Form 3
Yang Yi	Form 3

ITEM 11. EXECUTIVE COMPENSATION

Our named executive officers for the years ended June 30, 2026 and 2025 were Chenlong Tan and Kevin Vassily.

Summary Compensation Table

The following table presents information regarding the total compensation earned by our executive officers who were serving as executive officers as of June 30, 2026, for services rendered in all capacities to us for the fiscal years ended June 30, 2026 and 2025.

Name and Principal Position	Year	Salary (\$USD)	Bonus (\$USD)	Stock Based Awards (\$USD)	Others (\$USD)	Total (\$USD)
Chenlong Tan	2026	264,000	–	1,198,047	–	1,462,047
<i>Chairman, Chief Executive Officer, President and Interim Chief Financial Officer</i>	2025	264,000	–	362,325	62,647(1)	688,972
Kevin Vassily	2026	–	–	–	–	–
<i>Former Chief Financial Officer</i> ⁽²⁾	2025	220,000	–	–	–	220,000

(1) Consists of the costs of leasing a car.

(2) Mr. Vassily resigned as the Company's Chief Financial Officer on May 31, 2025, at which time Mr. Tan assumed the position of Interim Chief Financial Officer.

Employment Agreement with Chenlong Tan

On July 1, 2020, we entered into an employment agreement with our Chief Executive Officer, Chenlong Tan. Under Mr. Tan's employment agreement, Mr. Tan receives base compensation of \$20,000 per month, is entitled to performance cash bonus compensation based on achievement of certain pre-determined goals, and from time to time may be granted restricted common shares and/or options to purchase shares of the Company's common stock, subject to the board of directors or Compensation Committee approval. In addition, during the term of Mr. Tan's employment agreement, we are also leasing a motor vehicle for Mr. Tan's daily use. Mr. Tan is not entitled to any severance rights under his employment agreement. Mr. Tan's employment agreement has a term of five years, is thereafter renewable on an annual basis, and may be terminated upon 30 days' notice upon the mutual agreement of Mr. Tan and the Company.

Outstanding Equity Awards

Outstanding Equity Awards at June 30, 2026

The following table provides information regarding outstanding equity awards held by our named executive officers as of June 30, 2026.

Name	Grant Date	Options				Restricted Stock Unit Awards	
		Number of securities Underlying Options (#)	Number of Securities Underlying Options (#)	Option Exercise Price (\$)	Option Expiration date	Number of Securities Underlying RSUs (#)	Number of Securities Underlying RSUs(#)
Chenlong Tan	5/13/2022	–	1,389	\$ 2,419.2	5/12/2032	–	–
	8/29/2024	345	211	\$ 3,088.8	8/28/2034		
	11/12/2025			–		1,127	

Director Compensation

We reimburse all members of our board of directors for their direct out of pocket expenses incurred in attending meetings of our board of directors. This table summarizes the compensation paid to each of our independent directors who served in such capacity during the fiscal year ended June 30, 2026.

Name	Fees Earned or Paid in Cash (\$USD)	Stock Based Awards (\$USD)	Others (\$USD)	Total (\$USD)
Bennet Tchaikovsky	\$ 20,000	\$ 20,000	\$ –	\$ 40,000
Hanxi Li	\$ 10,000	\$ 10,000	\$ –	\$ 20,000
Yue Guo	\$ 10,000	\$ 10,000	\$ –	\$ 20,000
Yi Yang	\$ –	\$ –	\$ –	\$ –

Our independent directors each receive (i) \$10,000 annual cash compensation, payable in equal quarterly installments, and (ii) \$10,000 in restricted stock units (“RSUs”), which were issued pursuant to our 2020 Amended Equity Incentive Plan. The RSUs vest quarterly in substantially equal installments. In addition, the chairman of our audit committee is entitled to receive an additional \$10,000 in cash and \$10,000 in RSUs, vested in equal quarterly installments. Directors will also be reimbursed for reasonable expenses incurred in connection with the performance of their duties.

Equity Incentive Plan

On October 15, 2020, the Company’s board of directors adopted, and its stockholders approved and ratified, the iPower Inc. 2020 Equity Incentive Plan. Further 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, 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 and September 15, 2023, November 22, 2023, and April 17, 2026.

The board of directors believes that granting equity-based compensation serves to promote continuity of management and provide for a shared interest in the welfare, growth and development of the Company. The Company believes that the 2020 Amended Equity Incentive Plan will serve to advance the Company’s interests by enhancing its ability to (i) attract and retain employees, consultants, directors and advisors who are able to contribute to the Company’s ongoing success and development, (ii) reward those employees, consultants, directors and advisors for their contributions to the Company, and (iii) encourage employees, consultants, directors and advisors to participate in the Company’s long-term growth and success.

In addition to the RSU grants referenced above, on May 13, 2022, the Company granted stock options (the “Option Grants”) in the amount of (i) 1,389 shares to Chenlong Tan, our Chief Executive Officer and (ii) 153 shares to Kevin Vassily, our former Chief Financial Officer. The Option Grants have an exercise price of \$2,419.2 per share (the closing price on the grant date) and have a term of 10 years, will vest in stages upon the Company’s achievement of certain pre-determined market capitalization and revenue or operating income targets set forth in the grant agreements. Upon Mr. Vassily’s resignation, stock options for 153 shares granted to him had been forfeited.

On August 29, 2024, the Company granted 556 shares of stock options (the “2024 Stock Options”) to Mr. Chenlong Tan, the Company’s Chief Executive Officer, pursuant to the terms of the Amended and Restated 2020 Equity Incentive Plan (the “Plan”). The options have an exercise price of \$3,088.8 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: 14 shares vested on the grant date (August 29, 2024), and 15 shares will vest on the first day of each month from September 1, 2024, to August 1, 2027.

On November 12, 2025, the Company granted \$800,000 in RSUs as bonus to Chenlong Tan, the CEO of the Company. As a result, 1,127 RSUs, calculated based on the closing price, \$709.85, 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 years ended June 30, 2026, the Company granted an additional 2,480 shares of RSUs to the Company’s employees and directors, respectively.

Granting of Certain Equity Awards Close in Time to the Release of Material Nonpublic Information

We do not grant equity awards in anticipation of the release of material nonpublic information that is likely to result in changes to the price of our common stock, and do not time the public release of such information based on award grant dates. During the last completed fiscal year, we have not made awards to any named executive officer or director during the period beginning four business days before and ending one business day after the filing of a Quarterly Report on Form 10-Q or our Annual Report on Form 10-K or the filing or furnishing of a Current Report on Form 8-K, and we have not timed the disclosure of material nonpublic information for the purpose of affecting the value of executive compensation.

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

The following table sets forth the number of shares of common stock beneficially owned as of October 2, 2026 by:

- each of our stockholders who is known by us to beneficially own 5% or more of our common stock;
- each of our executive officers;
- each of our directors; and
- all of our directors and current executives as a group.

Beneficial ownership is determined based on the rules and regulations of the SEC. A person has beneficial ownership of shares if such individual has the power to vote and/or dispose of shares. This power may be sole or shared and direct or indirect. Applicable percentage ownership in the following table is based on the total of 1,262,584 shares of common stock outstanding as of October 2, 2026. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or warrants held by that person that are exercisable as of, or within sixty (60) days of, the date of this Annual Report are deemed to be outstanding and beneficially owned by such person. Such shares, however, are not deemed to be outstanding for purposes of computing the percentage ownership of any other person (s). Except as may be indicated in the footnotes to this table and pursuant to applicable community property laws, each person named in the table has sole voting and dispositive power with respect to the shares of common stock set forth opposite that person’s name. Unless indicated below, the address of each individual listed below is c/o iPower Inc., 8798 9th Street, Rancho Cucamonga, CA 91730.

Name of Beneficial Owner	No. of Shares Common Stock Beneficially Owned	Total Percentage of Common Stock Owned
Chenlong Tan ⁽¹⁾	5,160	0.41%
Yue Guo ⁽²⁾	116	*0%
Hanxi Li ⁽³⁾	157	*0%
Bennet Tchaikovsky ⁽⁴⁾	269	*0%
Yi Yang ⁽⁵⁾	—	—
All Officers and Directors (5 Persons)	5,702	0.45%
Beneficial Owners of more than 5%		
—	—	—

* Less than 0.1%

- (1) Chenlong Tan is our co-Founder, Chairman, Chief Executive Officer and President. Mr. Tan's holding consists of (i) 1,761 shares directly held by Mr. Tan; (ii) 1,852 shares held by a trust for the benefit of Mr. Tan and certain of his family members, (iii) 420 shares of options vested, and (iv) 1,127 shares of RSUs vested with deferred settlement. The aforementioned holdings do not include options to purchase 1,524 shares of common stock which remain subject to certain vesting conditions.
- (2) Ms. Guo is a member of our board of directors. Her holdings consist of (i) 116 shares of common stock and (ii) 152 RSUs which remain subject to vesting.
- (3) Ms. Li is a member of our board of directors. Her holdings consist of (i) 157 shares of common stock and (ii) 152 RSUs which remain subject to vesting.
- (4) Mr. Tchaikovsky is a member of our board of directors. His holdings consist of (i) 269 shares of common stock and (ii) 304 RSUs which remain subject to vesting.
- (5) Ms. Yang is a member of our board of directors.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Party Transactions

Unless described below, during the last two fiscal years, there are no transactions or series of similar transactions to which we were a party or will be a party, in which:

- the amounts involved exceed or will exceed \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of any of the foregoing had, or will have, a direct or indirect material interest.

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 June 30, 2026, The RP Loan 2 had been fully paid off.

On November 24, 2025, the Company issued three promissory notes totaling \$2 million (the “Promissory Notes”) in exchange for gross proceeds of \$2 million. The Promissory Notes were entered into with certain investors and related parties, including \$500,000 from 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 year ended June 30, 2026, the Company recorded interest expense of \$29,250, respectively. As of 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 June 30, 2026, the borrowing had been fully repaid.

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, Pacelcor Inc. (“Pacelcor”), 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 Pacelcor. As a result, Pacelcor has become a related party of the Company since June 6, 2025. For the years ended June 30, 2026 and 2025, the Company received \$3,394,399 and \$202,922, respectively, in services from Pacelcor. As of June 30, 2026 and 2025, the accounts payable to Pacelcor was \$240,425 and \$78,831, respectively. Ms. Yang’s other entity, Pacelcor NV Inc. (“Pacelcor NV”) also provides marketing services for the Company. During the year ended June 30, 2026, the Company recorded \$100,470 of selling expense. As of June 30, 2026 and 2025, the outstanding accounts payable to Pacelcor NV was \$415,489 and \$315,019, respectively.

Independence of the Board of Directors

As required under the listing standards of The Nasdaq Stock Market, LLC (Nasdaq), a majority of the members of a listed company’s board of directors must qualify as “independent,” as affirmatively determined by the board of directors. The board of directors consults with our outside counsel to ensure that its determinations are consistent with relevant securities and other laws and regulations regarding the definition of “independent,” including those set forth in pertinent listing standards of Nasdaq, as in effect from time to time.

The Board undertook a review of the independence of each director. Based on information provided by each director concerning his or her background, employment, and affiliations, the Board has determined that Mr. Tchaikovsky, Ms. Li and Ms. Guo do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the listing standards. In making these determinations, the Board considered the current and prior relationships that each non-employee director has with the Company and all other facts and circumstances the Board deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director and the transactions described in “Certain Relationships and Related Person Transactions.”

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table represents fees for professional audit services for the audit of the Company's annual financial statements for the fiscal years ended June 30, 2026 and 2025, rendered by HTL International, LLC, the Company's current independent registered public accounting firm, and UHY LLP, the Company's prior independent registered public accounting firm.

	Fiscal year ended June 30,	
	2026	2025
Audit fees ¹	\$ 256,910	\$ 313,467
Audit-related fees ²	–	–
Tax fees	–	–
All other fees	–	–
Total fees	<u>\$ 256,910</u>	<u>\$ 313,467</u>

1. Audit fees consist of fees for professional services rendered by the principal accountant for the audit of the Company's annual financial statements and review of the financial statements included in the Company's Form 10-K and Form 10-Q and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements.
2. Audit-related fees consist primarily of fees for assurance and related services by the accountant that are reasonably related to the performance of the audit or review of the Company's financial statements.

Audit Committee Pre-Approval Policies

The Audit Committee is tasked with pre-approving any non-audit services proposed to be provided to the Company by the independent auditors.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Description
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 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 May 22, 2026).
3.5	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 August 5, 2026).
4.1	Certificate of Designation of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1 filed February 2, 2021).
4.2	Form of Warrant (incorporated by Reference to Exhibit 4.1 to the Current Report on Form 8-K filed June 18, 2024).
4.3	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).
4.4	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).
4.5	Form of Series A Convertible Note (incorporated by reference to Exhibit 10.1 to the Current Report dated February 10, 2026).
4.6	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).
4.7	Description of Registrant's Securities
10.1	2020 Amended and Restated Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to Amendment No. 3 to the Registration Statement on Form S-1 filed May 5, 2021).
10.2	Form of Sublease Agreement, dated as of December 1, 2018, between BZRTH, Inc. and BizRight, LLC (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-1 filed February 2, 2021).
10.3	Asset Purchase Agreement, dated December 1, 2018, between BZRTH, Inc. and BizRight, LLC (incorporated by Reference to Exhibit 10.3 to the Registration Statement on Form S-1 filed February 2, 2021).
10.4	Loan and Security Agreement, dated May 3, 2019, between BZRTH, Inc. and WFC Fund, LLC (incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-1 filed February 2, 2021).
10.5	Consulting Agreement, dated February 1, 2020, between BZRTH, Inc. and Allan Huang (incorporated by reference to Exhibit 10.5 to Amendment No. 1 to the Registration Statement on Form S-1 filed April 15, 2021).
10.6	Note for PPP Loan, dated April 13, 2020, issued to Royal Business Bank (incorporated by reference to Exhibit 10.5 to the Registration Statement on Form S-1 filed February 1, 2021).
10.7	Loan Authorization and Agreement, dated April 18, 2020, between BZRTH, Inc. and U.S. Small Business Administration (incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-1 filed February 1, 2021).
10.8	Employment Agreement, dated July 1, 2020, between iPower Inc. and Chenlong Tan (incorporated by reference to Exhibit 10.7 to the Registration Statement on Form S-1 filed February 2, 2021).
10.9	Exclusive Business Cooperation Agreement, dated September 4, 2020, between iPower Inc. and Global Product Marketing Inc. (incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-1 filed February 2, 2021).
10.10	Restricted Stock Purchase Agreement, dated October 20, 2020, between iPower Inc. and Allan Huang (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-1 filed February 2, 2021).

- 10.11 [Restricted Stock Purchase Agreement, dated October 20, 2020, between iPower Inc. and Chenlong Tan](#) (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form S-1 filed February 2, 2021).
- 10.12 [Amended and Restated Exclusive Business Cooperation Agreement, dated October 26, 2020, between iPower Inc. and E Marketing Solution Inc.](#) (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form S-1 filed February 2, 2021).
- 10.13 [Receivables Purchase Agreement, dated November 16, 2020, between BZRT, Inc. and WFC Fund, LLC](#) (incorporated by reference to Exhibit 10.13 to the Registration Statement on Form S-1 filed February 2, 2021).
- 10.14 [Form of Subscription Agreement for Series A Preferred Stock Offering](#) (incorporated by reference to Exhibit 10.14 to the Registration Statement on Form S-1 filed February 2, 2021).
- 10.15 [Board Letter Agreement, dated January 26, 2021, between iPower Inc. and Bennet Tchaikovsky](#) (incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-1 filed February 2, 2021).
- 10.16 [Form of Subscription Agreement for 6% Convertible Note and Warrants](#) (incorporated by reference to exhibit 10.17 to the Registration Statement on Form S-1 filed February 2, 2021).
- 10.17 [Convertible Note, dated January 27, 2021, issued to Wiseman Capital Management LLC](#) (incorporated by reference to Exhibit 10.18 to the Registration Statement on Form S-1 filed February 2, 2021).
- 10.18 [Convertible Note, dated January 27, 2021, issued to Bright Century Investment LLC](#) (incorporated by reference to Exhibit 10.19 to the Registration Statement on Form S-1 filed February 2, 2021).
- 10.19 [Indemnification Agreement, dated as of April 27, 2021, by and among iPower Inc. and D.A. Davidson & Co., Roth Capital Partners, LLC and US Tiger Securities, Inc.](#) (incorporated by reference to Exhibit 10.23 to Amendment No. 3 to the Registration Statement on Form S-1 filed May 5, 2021).
- 10.20 [Indemnification and Lock-Up Agreement, dated as of April 27, 2021, entered into by Chenlong Tan](#) (incorporated by reference to Exhibit 10.24 to Amendment No. 3 to the Registration Statement on Form S-1 filed May 5, 2021).
- 10.21 [E Marketing Solutions Inc. Equity Purchase Agreement, dated May 18, 2021, between iPower Inc. and Shanshan Huang](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed May 21, 2021).
- 10.22 [Global Products Marketing Inc. Equity Purchase Agreement, dated May 18, 2021, between iPower Inc. and Chenlong Tan](#) (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed May 21, 2021).
- 10.23 [Lease Agreement, dated July 28, 2021, between iPower Inc. and 9th and Vineyard LLC](#) (incorporated by reference to Exhibit 10.1 to the Current Report filed August 2, 2021).
- 10.24 [Form of Credit Agreement, dated as of November 12, 2021, between iPower Inc., its subsidiaries and JPMorgan Chase Bank, N.A.](#) (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed November 15, 2021).
- 10.25 [Form of Trademark Security Agreement, dated as of November 12, 2021, between iPower Inc., its subsidiaries and JPMorgan Chase Bank, N.A.](#) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed November 15, 2021).
- 10.26 [Form of Pledge and Security Agreement, dated as of November 12, 2021, between iPower Inc., its subsidiaries and JPMorgan Chase Bank, N.A.](#) (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed November 15, 2021).
- 10.27 [Joint Venture Agreement](#) (incorporated by Reference to Exhibit 10.1 to the Current Report on Form 8-K filed January 20, 2022).
- 10.28 [Box Harmony LLC Agreement](#) (incorporated by Reference to Exhibit 10.2 to the Current Report on Form 8-K filed January 20, 2022).
- 10.29 [Facility and Use Access Agreement](#) (incorporated by Reference to Exhibit 10.3 to the Current Report on Form 8-K filed January 20, 2022).
- 10.30 [Consulting Agreement](#) (incorporated by Reference to Exhibit 10.4 to the Current Report on Form 8-K filed January 20, 2022).
- 10.31 [License Agreement](#) (incorporated by Reference to Exhibit 10.5 to the Current Report on Form 8-K filed January 20, 2022).
- 10.32 [Director Offer Letter](#) (incorporated by Reference to Exhibit 10.6 to the Current Report on Form 8-K filed January 20, 2022).
- 10.33 [Joint Venture Agreement, dated February 10, 2022, between iPower Inc., Bro Angel LLC, Jie Shan and Bing Luo](#) (incorporated by Reference to Exhibit 10.1 to the Current Report on Form 8-K filed February 14, 2022).
- 10.34 [Amended & Restated Limited Liability Company Operating Agreement of Global Social Media LLC, dated February 10, 2022, between Global Social Media LLC, iPower Inc., and Bro Angel LLC](#) (incorporated by Reference to Exhibit 10.2 to the Current Report on Form 8-K filed February 14, 2022).

- 10.35 [Intellectual Property License Agreement, dated February 10, 2022, between Bro Angel LLC and Global Social Media LLC](#) (incorporated by Reference to Exhibit 10.3 to the Current Report on Form 8-K filed February 14, 2022).
- 10.36 [Share Transfer Agreement, dated February 15, 2022, between iPower Inc., White Cherry Limited, Li Zanyu, Xie Jing, Anivia Limited, Fly Elephant Limited, Dayou Renzai \(Shenzhen\) Technology Co., Ltd. and Daheshou \(Shenzhen\) Information Technology Co., Ltd.](#) (incorporated by Reference to Exhibit 10.1 to the Current Report on Form 8-K filed February 22, 2022).
- 10.37 [Exclusive Business Cooperation Agreement, dated December 15, 2021, between Dayaorenzai \(Shenzhen\) Technology Co., Ltd. and Daheshou \(Shenzhen\) Information Technology Co., Ltd.](#) (incorporated by Reference to Exhibit 10.3 to the Current Report on Form 8-K filed February 22, 2022).
- 10.38 [Exclusive Equity Interest Pledge Agreement, dated December 15, 2021, between Dayao Renzai \(Shenzhen\) Technology Co., Ltd., Daheshou \(Shenzhen\) Information Technology Co., Ltd. and its equity holders](#) (incorporated by Reference to Exhibit 10.4 to the Current Report on Form 8-K filed February 22, 2022).
- 10.39 [Exclusive Option Agreement, dated December 15, 2021, between Dayao Renzai \(Shenzhen\) Technology Co., Ltd., Daheshou \(Shenzhen\) Information Technology Co., Ltd. and its equity holders](#) (incorporated by Reference to Exhibit 10.5 to the Current Report on Form 8-K filed February 22, 2022).
- 10.40 [Power of Attorney of Li Zanyu, dated December 15, 2021](#) (incorporated by Reference to Exhibit 10.6 to the Current Report on Form 8-K filed February 22, 2022).
- 10.41 [JP Morgan Chase Consent Agreement, dated February 16, 2022](#) (incorporated by Reference to Exhibit 10.7 to the Current Report on Form 8-K filed February 22, 2022).
- 10.42 [Amendment to Pledge and Security Agreement, dated February 16, 2022](#) (incorporated by Reference to Exhibit 10.8 to the Current Report on Form 8-K filed February 22, 2022).
- 10.43 [Employment Contract, dated February 15, 2022, between Dayao Renzai \(Shenzhen\) Technology Co., Ltd. and Li Zanyu](#) (incorporated by Reference to Exhibit 10.9 to the Current Report on Form 8-K filed February 22, 2022).
- 10.44 [Second Amendment to the Credit Agreement, dated October 7, 2022, between iPower Inc., its subsidiaries and JPMorgan Chase Bank, N.A.](#) (incorporated by Reference to Exhibit 10.1 to the Current Report on Form 8-K filed October 13, 2022).
- 10.45 [Amendment to Subordination Agreement, dated October 7, 2022, between White Cherry Limited and JPMorgan Chase Bank, N.A.](#) (incorporated by Reference to Exhibit 10.2 to the Current Report on Form 8-K filed October 13, 2022).
- 10.46 [Form of Pledge Agreement between iPower Inc., Chenlong Tan and Allan Huang](#) (incorporated by Reference to Exhibit 10.1 to the Current Report on Form 8-K filed April 9, 2024).
- 10.47 [Form of Placement Agency Agreement](#) (incorporated by Reference to Exhibit 10.1 to the Current Report on Form 8-K filed June 18, 2024).
- 10.48 [Form of Purchase Agreement](#) (incorporated by Reference to Exhibit 10.2 to the Current Report on Form 8-K filed June 18, 2024).
- 10.49 [Third Amendment to the Credit Agreement, dated November 8, 2024, by and between iPower Inc., its subsidiaries and JPMorgan Chase Bank, N.A.](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 13, 2024).
- 10.50 [Director Offer Letter, dated May 7, 2025, between iPower Inc. and Yue Guo](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 12, 2025).
- 10.51 [Limited Liability Company Operating Agreement, dated June 3, 2025, among United Package NV, LLC and the Members named therein](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 6, 2025).
- 10.52 [Director Offer Letter, dated June 5, 2025, between iPower Inc. and Yi Yang.](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 9, 2025).
- 10.53 [VIE Contract Termination Agreement, dated August 4, 2025, by and between Dayourenzai \(Shenzhen\) Technology Co. Ltd., Daheshou \(Shenzhen\) Information Technology Co. Ltd., Xiaoyun Liu and Jing Xie](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed August 12, 2025).
- 10.54 [Form of Amendment No. 1 to United Package NV LLC Limited Liability Company Operating Agreement](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on September 9, 2025).
- 10.55 [Form of Promissory Note](#) (portions of this exhibit have been omitted due to confidentiality in accordance with Item 601(b)(2)(ii) of Regulation S-K) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 1, 2025).

- 10.56 [Form of Securities Purchase Agreement, dated December 22, 2025, between iPower Inc. and the Investor](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 23, 2025).
- 10.57 [Form of Guaranty](#) (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on December 23, 2025).
- 10.58 [Form of Registration Rights Agreement](#) (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on December 23, 2025).
- 10.59 [Software Asset Transfer Agreement, dated February 1, 2026, between iPower Inc. and Global Product Marketing, Inc.](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 2, 2026).
- 10.60 [Stock Purchase Agreement, dated February 1, 2026, between iPower Inc. and ETTS AI Investment, LLC](#) (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on February 2, 2026).
- 10.61 [Promissory Note, dated February 1, 2026, between iPower Inc. and ETTS AI Investment LLC](#) (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on February 2, 2026).
- 10.62 [Supply and Distribution Agreement, dated February 1, 2026, between iPower Inc., Global Product Marketing, Inc. and ETTS AI Investment LLC](#) (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on February 2, 2026).
- 10.63 [Form of Series A Senior Secured Convertible Note](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 10, 2026).
- 10.64 [Addendum to Promissory Note, by and between iPower Inc. and ETTS AI Investment LLC, dated March 26, 2026](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 31, 2026).
- 10.65 [Sublease Agreement, dated April 2, 2026, between iPower Inc. and Dezheng Logistics Inc.](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 17, 2026).
- 10.66 [Form of Series A Senior Secured Convertible Note](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 19, 2026).
- 10.67 [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 filed on July 2, 2026).
- 10.68 [Form of Series A Senior Secured Convertible Note](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 6, 2026).
- 10.69 [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 filed on July 6, 2026).
- 10.70 [Form of Joinder to Guaranty, dated July 21, 2026](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 21, 2026).
- 10.71 [Third Amended and Restated 2020 Equity Incentive Plan](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on September 22, 2026)
- 14.1 [Code of Business Conduct and Ethics](#) (incorporated by reference to Exhibit 14.1 to Amendment No. 1 to the Registration Statement on Form S-1 filed April 15, 2021).
- 19.1 [Amended and Restated Insider Trading Policy](#) (incorporated by reference to Exhibit 19.1 to the Current Report filed on September 9, 2025).
- 21.1 [Subsidiaries](#)
- 23.1* [Consent of Independent Registered Public Accounting Firm](#)
- 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 Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2** [Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 97 [Incentive-Based Compensation Recovery \(Clawback\) Policy](#) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed December 1, 2023)

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 Document
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.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

iPOWER INC.

By: /s/ Chenlong Tan
Chenlong Tan
Chairman of the Board of Directors,
Chief Executive Officer, President and Interim Chief Financial Officer
Principal Executive Officer and Principal Financial and Accounting Officer

Date: October 2, 2026

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

Signature	Title	Date
<u>/s/ Chenlong Tan</u> Chenlong Tan	Chairman of the Board of Directors, Chief Executive Officer, President and Interim Chief Financial Officer (principal executive officer and principal financial and accounting officer)	October 2, 2026
<u>/s/ Bennet Tchaikovsky</u> Bennet Tchaikovsky	Director	October 2, 2026
<u>/s/ Yue Guo</u> Yue Guo	Director	October 2, 2026
<u>/s/ Hanxi Li</u> Hanxi Li	Director	October 2, 2026
<u>/s/ Yi Yang</u> Yi Yang	Director	October 2, 2026

DESCRIPTION OF SECURITIES

The following description summarizes the material terms of the common stock, par value \$0.001 per share (the “Common Stock”), of iPower Inc. (the “Company,” “we,” “us” or “our”), which is the only class of our securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This summary is not complete and is qualified in its entirety by reference to our articles of incorporation, as amended (the “Articles of Incorporation”), our amended and restated bylaws, as amended (the “Bylaws”), and the applicable provisions of the Nevada Revised Statutes (the “NRS”). The Articles of Incorporation and the Bylaws are filed as exhibits to our Annual Report on Form 10-K and are incorporated herein by reference. We encourage you to read the Articles of Incorporation, the Bylaws and the applicable provisions of the NRS for additional information.

Authorized Capital Stock

Our authorized capital stock consists of 1,000,000,000 shares, of which 980,000,000 shares are designated as common stock, par value \$0.001 per share, and 20,000,000 shares are designated as preferred stock, par value \$0.001 per share.

Common Stock

Dividends. Subject to the express terms of any outstanding preferred stock, dividends may be paid in cash or otherwise with respect to the holders of our common stock out of the assets of the Company legally available therefor, upon the terms, and subject to such limitations, as the board of directors may determine.

Voting Rights. Holders of common stock are entitled to one (1) vote per share in voting or consenting to the election of directors and for all other corporate purposes for which they are entitled to vote.

Liquidation Rights. Subject to the express terms of any outstanding preferred stock, in the event of a Liquidation of the Corporation, 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.

Preferred Stock

Subject to approval by holders of shares of any class or series of preferred stock to the extent such approval is required by its terms, 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 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.

Listing

Our Common Stock is listed on The Nasdaq Capital Market under the trading symbol “IPW.”

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is VStock Transfer, LLC.

Subsidiaries of the Registrant

Company	State or Other Jurisdiction of Organization	iPower Ownership Per
iPower Smart LLC	Delaware	100%
iPower Nexus Inc.	Nevada	100%
iPower Commerce LLC	Delaware	100%
iPower AI LLC	Delaware	100
Global Social Media, LLC	Nevada	60%
Box Harmony LLC	Nevada	40%

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-1 (File Nos. 333-297399, 333-295172, 333-292682 and 333-280734), Form S-8 (File No. 333-295173), and Form S-3 (File No. 333-274665) of iPower Inc. (the “Company”) of our report dated October 2, 2026, relating to our audit of the consolidated financial statements of the Company as of and for the year ended June 30, 2026, appearing in the Annual Report on Form 10-K of the Company, which is incorporated by reference into such Registration Statements.

We also consent to the reference to our Firm under the heading “Experts” in such Registration Statements.

/s/ HTL International, LLC

Houston, Texas
October 2, 2026

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

I, Chenlong Tan, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended June 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: October 2, 2026

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

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

I, Chenlong Tan, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended June 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: October 2, 2026

/s/ Chenlong Tan

Chenlong Tan
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

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

In connection with the Annual Report of iPower Inc. (the “Company”) on Form 10-K for the year ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Chenlong Tan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 2, 2026

/s/ Chenlong Tan

Chenlong Tan
Chief Executive Officer
(Principal Executive Officer)

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

In connection with the Annual Report of iPower Inc. (the “Company”) on Form 10-K for the year ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Chenlong Tan, 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: October 2, 2026

/s/ Chenlong Tan

Chenlong Tan

Interim Chief Financial Officer

(Principal Financial and Accounting Officer)