

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (date of earliest event reported): **February 14, 2022**

iPower Inc.

(Exact name of registrant as specified in its charter)

Commission file number: 001-40391

Nevada
(State of
Incorporation)

5200
(Primary Standard Industrial
Classification Code Number.)

82-5144171
(IRS Employer
Identification No.)

iPower Inc.
2399 Bateman Avenue
Duarte, CA 91010
(Address Of Principal Executive Offices) (Zip Code)

(626) 863-7344
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 \$0.001 per share | IPW | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On February 14, 2022, iPower Inc., a Nevada corporation (the “Company”), issued a press release announcing its financial results for the six month period ended December 31, 2021 (the “Earnings Release”). The Earnings Release was issued in advance of the Company’s previously disclosed earnings call, which will be held on Monday, February 14, 2022, at 4:30 p.m. Eastern time, where the Company will discuss its financial results for its fiscal second quarter ended December 31, 2021. The conference call can be accessed as follows:

Date: Monday, February 14, 2022
Time: 4:30 p.m. Eastern time
Toll-free dial-in number: (888) 705-0179
International dial-in number: (409) 981-0008
Conference ID: 1595078
Webcast: <https://edge.media-server.com/mmc/p/m9ipwcb>

For those unable to participate during the live broadcast, following the earnings call a replay of the webcast will also be available under the Events & Presentations section of the Company’s website at www.meetipower.com.

A copy of the press release is attached as Exhibit 99.1 hereto and incorporated herein by reference.

The information in this Current Report on Form 8-K (including Exhibit 99.1) is intended to be furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Press Release dated February 14, 2022 |
| 104 | Cover Page Interactive Data File (formatted in inline XBRL) |

SIGNATURES

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

Dated: February 14, 2022

iPOWER INC.

By: /s/ Chenlong Tan

Name: **Chenlong Tan**

Title: **Chief Executive Officer**



iPower Reports Fiscal Second Quarter 2022 Results

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

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

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

Fiscal Q2 2022 Results vs. Year-Ago Quarter

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

Management Commentary

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

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

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

Fiscal Second Quarter 2022 Financial Results

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

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

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

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

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

Conference Call

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

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

Date: Monday, February 14, 2022

Time: 4:30 p.m. Eastern time

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

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

Conference ID: 1595078

Webcast: <https://edge.media-server.com/mmc/p/m9ipwcwb>

Please call the conference call dial-in 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Elevate IR at (720) 330-2829.

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

About iPower Inc.

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

Forward-Looking Statements

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

Investor Relations Contact:

Sean Mansouri, CFA
Elevate IR
(720) 330-2829
IPW@elevate-ir.com

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

| | December 31 2021 | June 30, 2021 |
|---|----------------------|----------------------|
| | (Unaudited) | |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalent | \$ 1,091,758 | \$ 6,651,705 |
| Accounts receivable, net | 15,553,516 | 7,896,347 |
| Inventories, net | 19,908,500 | 13,065,741 |
| Prepayments and other current assets | 6,804,371 | 4,693,000 |
| Total current assets | 43,358,145 | 32,306,793 |
| Non-current assets | | |
| Right of use assets – non-current | 1,473,397 | 1,819,421 |
| Property and equipment, net | 103,189 | 55,659 |
| Non-current prepayments | 1,141,458 | 1,357,292 |
| Other non-current assets | 329,244 | 99,645 |
| Total non-current assets | 3,047,288 | 3,332,017 |
| Total assets | \$ 46,405,433 | \$ 35,638,810 |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Accounts payable | 4,545,928 | 3,940,963 |
| Credit cards payable | 550,310 | 584,311 |
| Customer deposit | 228,161 | 297,407 |
| Other payables and accrued liabilities | 4,899,502 | 2,487,441 |
| Short-term loans payable | – | 162,769 |
| Lease liability - current | 766,759 | 731,944 |
| Long-term loan payable - current portion | 29,244 | 29,244 |
| Income taxes payable | 374,513 | 790,823 |
| Total current liabilities | 11,394,417 | 9,024,902 |
| Non-current liabilities | | |
| Long-term loan payable | 441,512 | 458,571 |
| Long-term revolving loan payable, net | 6,963,551 | – |
| Lease liability – non-current | 777,290 | 1,169,552 |
| Total non-current liabilities | 8,182,353 | 1,628,123 |
| Total liabilities | 19,576,770 | 10,653,025 |
| Commitments and contingency | – | – |
| Stockholders' Equity | | |
| Preferred stock, \$0.001 par value; 20,000,000 shares authorized; 0 shares issued and outstanding at December 31, and June 30, 2021 | – | – |
| Common stock, \$0.001 par value; 180,000,000 shares authorized; 26,488,682 and 26,448,663 shares issued and outstanding at December 31, and June 30, 2021 | 26,489 | 26,449 |
| Additional paid in capital | 23,371,712 | 23,214,263 |
| Retained earnings | 3,430,462 | 1,745,073 |
| Total equity | 26,828,663 | 24,985,785 |
| Total liabilities and equity | \$ 46,405,433 | \$ 35,638,810 |

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

| | For the Three Months Ended December 31, | | For the Six Months Ended December 31, | |
|--|--|---------------------|---------------------------------------|---------------------|
| | 2021 (Unaudited) | 2020 (Unaudited) | 2021 (Unaudited) | 2020 (Unaudited) |
| REVENUES | \$ 17,125,663 | \$ 11,254,317 | \$ 34,492,428 | \$ 26,214,252 |
| TOTAL REVENUES | <u>17,125,663</u> | <u>11,254,317</u> | <u>34,492,428</u> | <u>26,214,252</u> |
| COST OF REVENUES | 9,568,051 | 6,306,726 | 19,621,114 | 15,703,873 |
| GROSS PROFIT | <u>7,557,612</u> | <u>4,947,591</u> | <u>14,871,314</u> | <u>10,510,379</u> |
| OPERATING EXPENSES: | | | | |
| Selling and fulfillment | 3,641,839 | 2,784,749 | 7,307,760 | 5,998,423 |
| General and administrative | 2,780,488 | 1,309,736 | 5,137,954 | 2,582,477 |
| Total operating expenses | <u>6,422,327</u> | <u>4,094,485</u> | <u>12,445,714</u> | <u>8,580,900</u> |
| INCOME FROM OPERATIONS | <u>1,135,285</u> | <u>853,106</u> | <u>2,425,600</u> | <u>1,929,479</u> |
| OTHER INCOME (EXPENSE) | | | | |
| Interest income (expenses) | (75,112) | (23,708) | (75,112) | (49,538) |
| Other financing expenses | - | (37,447) | (9,000) | (37,447) |
| Other non-operating income (expense) | 60,403 | 10,455 | 9,591 | 17,852 |
| Total other (expenses), net | <u>(14,709)</u> | <u>(50,700)</u> | <u>(74,521)</u> | <u>(69,133)</u> |
| INCOME BEFORE INCOME TAXES | 1,120,576 | 802,406 | 2,351,079 | 1,860,346 |
| PROVISION FOR INCOME TAXES | <u>322,715</u> | <u>226,930</u> | <u>665,690</u> | <u>522,874</u> |
| NET INCOME | <u>\$ 797,861</u> | <u>\$ 575,476</u> | <u>\$ 1,685,389</u> | <u>\$ 1,337,472</u> |
| WEIGHTED AVERAGE NUMBER OF COMMON STOCK | | | | |
| Basic | <u>26,491,103</u> | <u>20,204,496</u> | <u>26,487,816</u> | <u>20,204,496</u> |
| Diluted | <u>26,491,103</u> | <u>20,204,496</u> | <u>26,487,816</u> | <u>20,204,496</u> |
| EARNINGS PER SHARE | | | | |
| Basic | <u>\$ 0.030</u> | <u>\$ 0.028</u> | <u>\$ 0.064</u> | <u>\$ 0.066</u> |
| Diluted | <u>\$ 0.030</u> | <u>\$ 0.028</u> | <u>\$ 0.064</u> | <u>\$ 0.066</u> |