

A GROWTH INDUSTRY

WITH AN IPO IN THE PIPELINE, ONLINE HORTICULTURAL SUPPLY COMPANY IPOWERS TURNED TO UHY FOR PROFESSIONAL AND TIMELY SUPPORT

Lockdowns have seen many of us take to our gardens, lavishing time and money we might otherwise have spent on restaurants and holidays – and in the US the gardening boom has fuelled an already buoyant sector.

One beneficiary was iPower, a hydroponics and gardening product supplier based outside Los Angeles, California. iPower supplies nutrients, growing mediums, hydroponic equipment, power-efficient lighting and more, selling through its website and third party e-commerce channels like Amazon, eBay and Walmart. The business sources products from popular brands and has also established in-house branded products, marketed under the iPower and Simple Deluxe labels.



UHY IN THE RETAIL SECTOR

UHY member firms have wide experience in the retail sector, on and offline. We work with luxury brands, major international retail chains, e-commerce specialists and single market businesses. Our specialists around the world understand the needs of retail clients, from stock monitoring to supply chain logistics. Our collaborative international network means that, when clients look to expand, UHY can provide all the specialist local knowledge they need.

The business has grown since it was founded in 2018, but 2020 was particularly successful, continuing into 2021. Around 75% of sales revenue in 2020 was from Amazon, where the business experienced 87% growth. Sales through Walmart grew by 200% year-on-year during the same period.

Against this background, co-founder and CEO Lawrence Tan and his team felt the time was right to push iPower to the next level. “The hydroponic and gardening industry is quite fragmented, and retail outlets tend to be smaller family enterprises in a single location,” says Lawrence.

“We intend to take advantage of current market conditions by providing consumers with a one-stop shopping experience where they can satisfy all their horticultural needs and have the products shipped directly to their door.” The business decided that the logical next step was an IPO (Initial Public Offering), and iPower turned to US member firm UHY LLP’s team in Orange County, California, to help prepare the business for public listing.

THE IPO AUDIT

The right professional support is crucial for the complexity of IPO preparation. For the registration statement businesses need to show financial audit reporting for the last two or three fiscal years based on the size of the business. Public businesses are subject to

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Securities and Exchange Commission (SEC) regulations, which means financial reports issued as a private business are usually insufficient for IPO registration. Pre-IPO financial audits need to demonstrate compliance with public-entity accounting principles and meet additional SEC disclosure requirements. Naturally, when iPower was considering an accounting firm to conduct the pre-IPO audit, it looked for one with specific experience of this type of specialist work. The company considered a number of accountancy firms but chose UHY LLP because of its wide experience of auditing mid-market clients for the purposes of IPO. “The expertise that was most valuable to us was the firm’s extensive experience of auditing publicly traded companies,” says Lawrence.

Another deciding factor was the trust that had built up between UHY audit principal Crystal Li and iPower’s vice president of finance Alice Wu during discussions around earlier projects. iPower officially launched its listing in the second half of 2020, with the IPO set for the following May. This gave the UHY audit team, led by Michael Burke, audit partner, Crystal Li, audit principal and Yu-ta Chen, audit manager, little room for manoeuvre. However, they



completed the job on time and the financial audit report was issued in November 2020.

A QUICK TURNAROUND

Lawrence was impressed with the results. “The UHY team completed the initial two-year audit – to be included in the first SEC registration statement filing – within 60 days. They then completed all the filings to help us complete the listing on the NASDAQ stock exchange.”

With the help of UHY, iPower became a public company on May 14, 2021, with gross IPO proceeds of USD 16.8 million. The share price rose 15% on the first day of listing. More importantly, Lawrence believes the IPO has created a firm foundation on which to grow the business into the leading hydroponic and gardening equipment supplier in the US. He has no hesitation in recommending UHY to businesses considering their own public listing.

“I’m confident in the future and would recommend UHY to other businesses that need a highly professional team,” he says. “We’re happy with everything they did - they’ve set a very high standard for others to follow.” ■ For more information visit www.ipowergrowlight.com