

May 13, 2020



Ideal Power Reports First Quarter 2020 Financial Results

AUSTIN, TX / ACCESSWIRE / May 13, 2020 [Ideal Power Inc.](#) (NASDAQ:IPWR) ("Ideal Power, the "Company," "we" and "our"), pioneering the development and commercialization of highly efficient and broadly patented B-TRAN™ bi-directional power switches, reported results for its first quarter ended March 31, 2020.

First Quarter 2020 Operational Highlights

- Completed the second B-TRAN™ run with our international semiconductor fabricator.
- Packaged double-sided B-TRAN™ dies that are currently undergoing testing in our laboratory to generate switching data and evaluate the preliminary package design and build quality.
 - Testing results to date are consistent with our simulations, earlier unpackaged die testing and the requirements of our engineering prototype sampling program.
- Completed the first B-TRAN™ run with our new domestic semiconductor fabricator.

Subsequent Operational Highlights:

- Appointed Dan Brdar as President and Chief Executive Officer following the retirement of Dr. Lon Bell, who will remain as Chairman of Ideal Power during a transition period through the remainder of his current term.
- Completed the fabrication qualification process with Teledyne, our new domestic semiconductor fabrication partner.
 - Released our next-generation parts to our semiconductor partners for fabrication.
- Recently notified of our selection for our first award of a government-funded technology demonstration project, where B-TRAN™ will act as an enabling technology in an application that has both industrial and military applications.
- B-TRAN™ Patent Estate: Currently have 56 issued B-TRAN™ patents with 20 of those issued outside of the United States and 24 pending B-TRAN™ patents. Our current geographic coverage now includes North America, China, Japan and Europe, with potential to expand coverage into South Korea and India.

COVID-19 Impact to Operations:

- Impact has been manageable and our supply chains remain intact.
 - Development and commercialization timeline remain on track without significant disruption.
- In early May 2020, staff returned to the office upon the expiration of the Texas stay-at-home order.

- Fabrication and device packaging partners and key suppliers remain operating and are able to produce parts for our testing and evaluation and to support our partnering and demonstration efforts.
- Continue to leverage the external testing facilities of our partners, as necessary, to supplement our internal testing capabilities.
- Received a Payroll Protection Program loan. It is our expectation that the loan will be forgiven but no assurance can be given that we will be granted forgiveness of the loan in whole or in part.

First Quarter 2020 Financial Results Conference Call:

- Due to the close proximity of the business update conference call held in April 2020 and the 2019 year-end financial results conference call held in March 2020, management will not host a formal first quarter conference call and will resume its regular cadence of quarterly conference calls in the second quarter of 2020.

Management Commentary

"The first quarter of 2020 marked an important period in the maturation of our efforts to deliver discrete packaged B-TRAN™ device samples to potential industry partners as part of Phase Two of our commercialization plan," said Dan Brdar, President and Chief Executive Officer of Ideal Power. "Now that we have our fabrication partners securely in place both domestically and internationally, our technology continues to mature towards commercialization.

"Most recently, we were notified of our first award to participate in a government-funded technology demonstration project, where B-TRAN™ will act as an enabling technology in an exciting application. The project represents a key milestone in our commercialization program. Our proprietary B-TRAN technology continues to generate interest from both industry and governmental entities, who see it as a potentially significant improvement over conventional power switch technologies for bi-directional applications as well as an enabling technology for new applications across many industries.

"We believe that we have built a solid foundation upon which to execute in 2020 and are strategically positioning ourselves to develop commercial partnerships. We believe that our technology is transformational in both its bi-directionality and its ability to reduce switching and conduction losses, problems holding back many current and potential applications that would benefit from solid state electric power control. As we make further progress on Phase Two of our commercialization plan, which entails the fabrication of parts with partners and the delivery of samples to our targeted potential customers for evaluation, I am optimistic about our anticipated progress towards commercialization in 2020 and the long-term future of Ideal Power.

"We look forward to sharing more on our developing story at the upcoming Virtual Summer Summit investor event in June 2020 as well as on our second quarter conference call later this year," concluded Mr. Brdar.

First Quarter 2020 Financial Results

- The Company had no revenues in the first quarter of 2020.

- Research and development expenses in the first quarter of 2020 were \$0.4 million compared to \$0.2 million in the first quarter of 2019. The increase was due to higher semiconductor fabrication costs and stock compensation expense, partly offset by lower facilities costs. The Company expects relatively flat research and development expenses for the balance of 2020, although these expenses will be subject to quarterly variability due to timing of semiconductor fabrication costs.
- General and administrative expenses in the first quarter of 2020 were \$0.6 million compared to \$0.5 million in the first quarter of 2019. The increase was due to one-time costs incurred in the executive search process and higher stock compensation expense. The Company expects general and administrative expenses to be lower than the first quarter of 2020 for the remainder of 2020.
- Net loss in the first quarter of 2020 was \$0.9 million compared to \$1.0 million in the first quarter of 2019. The decrease in net loss was due to the sale of the PPSA™ operations in September 2019, partly offset by higher operating expenses. The first quarter of 2019 included a \$0.3 million loss from discontinued operations.
- First quarter of 2020 cash used in operating activities for continuing operations was \$0.8 million compared to \$0.6 million in the first quarter of 2019 due primarily to the timing of semiconductor fabrication costs and on-time costs incurred in the executive search process.
- Cash and cash equivalents totaled \$2.2 million as of March 31, 2020, with no long-term debt outstanding. Subsequent to the closing of the first quarter of 2020, we received a Payroll Protection Program loan of \$0.1 million to temporarily subsidize our payroll and facilities costs in a business landscape impacted by the COVID-19 pandemic.

About Ideal Power Inc.

Ideal Power (NASDAQ:IPWR) is pioneering the development of its broadly patented bi-directional power switches, creating highly efficient and ecofriendly energy control solutions for industrial, alternative energy, military and automotive applications. The Company is focused on its patented Bi-directional, Bi-polar Junction Transistor (B-TRAN™) semiconductor technology. B-TRAN™ is a unique double-sided bi-directional AC switch able to deliver substantial performance improvements over today's conventional power semiconductors. Ideal Power believes B-TRAN™ modules will reduce conduction and switching losses, complexity of thermal management and operating cost in medium voltage AC power switching and control circuitry. For more information, visit www.IdealPower.com.

Safe Harbor Statement

All statements in this release that are not based on historical fact are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. While Ideal Power's management has based any forward-looking statements included in this release on its current expectations, the information on which such expectations were based may change. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties and other factors, many of which are outside of our control that could cause actual results to materially differ from such statements. Such risks, uncertainties, and other factors include, but are not limited to, the impact of COVID-19 on our business, financial condition and results of operations, the success of our B-TRAN™ technology, including the success of our government-funded technology demonstration project, whether the patents for our technology provide adequate protection and whether we

can be successful in maintaining, enforcing and defending our patents and our inability to predict with precision or certainty the pace of development and commercialization of our B-TRAN™ technology, our ability to secure additional financing on commercially reasonable terms or at all, especially in light of the market volatility and uncertainty as a result of the COVID-19 outbreak, and uncertainties set forth in our quarterly, annual and other reports filed with the Securities and Exchange Commission. Furthermore, we operate in a highly competitive and rapidly changing environment where new and unanticipated risks may arise. Accordingly, investors should not place any reliance on forward-looking statements as a prediction of actual results. We disclaim any intention to, and undertake no obligation to, update or revise forward-looking statements.

Ideal Power Investor Relations Contact:

MZ North America
Chris Tyson
949-491-8235
IPWR@mzgroup.us
www.mzgroup.us

IDEAL POWER INC. Balance Sheets

	March 31, 2020	December 31, 2019
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,219,992	\$ 3,057,682
Prepayments and other current assets	253,902	248,148
Total current assets	<u>2,473,894</u>	<u>3,305,830</u>
Property and equipment, net	52,165	47,302
Intangible assets, net	1,608,121	1,634,378
Right of use asset	216,518	260,310
Other assets	17,920	17,920
Total assets	<u>\$ 4,368,618</u>	<u>\$ 5,265,740</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 138,920	\$ 182,956
Accrued expenses	319,342	319,135
Current portion of lease liability	188,678	183,119
Total current liabilities	<u>646,940</u>	<u>685,210</u>
Long-term lease liability	33,149	82,055
Other long-term liabilities	613,300	609,242
Total liabilities	<u>1,293,389</u>	<u>1,376,507</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value; 50,000,000 shares authorized; 2,101,272 shares issued and 2,099,951 shares outstanding at March 31, 2020 and December 31, 2019	2,101	2,101
Additional paid-in capital	71,358,753	71,242,256
Treasury stock, at cost, 1,321 shares at March 31, 2020 and December 31, 2019	(13,210)	(13,210)
Accumulated deficit	<u>(68,272,415)</u>	<u>(67,341,914)</u>
Total stockholders' equity	<u>3,075,229</u>	<u>3,889,233</u>
Total liabilities and stockholders' equity	<u>\$ 4,368,618</u>	<u>\$ 5,265,740</u>

IDEAL POWER INC.

Statements of Operations

	Three Months Ended March 31,	
	2020	2019
Product revenue	\$ -	\$ -
Cost of product revenue	-	-
Gross profit	-	-
Operating expenses:		
Research and development	350,664	218,216
General and administrative	579,770	468,390
Total operating expenses	930,434	686,606
Loss from continuing operations before interest	(930,434)	(686,606)
Interest expense, net	67	7,118
Loss from continuing operations	(930,501)	(693,724)
Loss from discontinued operations	-	(347,175)
Net loss	\$ (930,501)	\$ (1,040,899)
Loss from continuing operations per share - basic and fully diluted	\$ (0.31)	\$ (0.49)
Loss from discontinued operations per share - basic and fully diluted	-	(0.24)
Net loss per share - basic and fully diluted	\$ (0.31)	\$ (0.73)
Weighted average number of shares outstanding - basic and fully diluted	2,968,394	1,433,069

IDEAL POWER INC. Statements of Cash Flows

	Three Months Ended March 31,	
	2020	2019
Cash flows from operating activities:		
Loss from continuing operations	\$ (930,501)	\$ (693,724)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	28,113	27,595
Write-off of capitalized patents	17,344	-
Stock-based compensation	116,497	26,621
Decrease in operating assets:		
Prepayments and other current assets	(5,754)	1,044
Increase (decrease) in operating liabilities:		
Accounts payable	(44,036)	36,253
Accrued expenses	4,710	15,182
Net cash used in operating activities	(813,627)	(587,029)
Net cash used in operating activities - discontinued operations	-	(409,867)
Cash flows from investing activities:		
Purchase of property and equipment	(10,678)	(1,194)
Acquisition of intangible assets	(13,385)	(31,323)
Net cash used in investing activities	(24,063)	(32,517)
Net decrease in cash and cash equivalents - continuing operations	(837,690)	(619,546)
Net decrease in cash and cash equivalents - discontinued operations	-	(409,867)
Cash and cash equivalents at beginning of period	3,057,682	3,258,077
Cash and cash equivalents at end of period	\$ 2,219,992	\$ 2,228,664

SOURCE: Ideal Power Inc.

View source version on accesswire.com:

<https://www.accesswire.com/589565/Ideal-Power-Reports-First-Quarter-2020-Financial-Results>