

February 14, 2014



Lithium Battery Innovator - Flux Power - Reviews Q2 Progress and Hosts Investor Update Call Tues., Feb. 18 at 11:30 am ET

Flux Promotes Ron Dutt to CEO; Sees Momentum Building for its Motive and Portable Power Solutions

VISTA, Calif.--(BUSINESS WIRE)-- Flux Power® Holdings, Inc. (OTCQB:FLUX), an innovator in advanced lithium energy storage systems, highlighted recent progress in its refocused strategy to deliver innovative lithium-ion energy storage solutions for industrial applications in material handling, mining and civil construction and portable power for entertainment production and military field operations. Flux also announced Ron Dutt was elevated to CEO and acting CFO, from his prior role as CFO and acting CEO. The move reflects the Company's forward momentum under his leadership and the Board's confidence in Mr. Dutt.

Flux Power will hold an **investor conference call on Tuesday, February 18th at 11:30 a.m. ET** to review recent developments and to answer questions.

Conference Call: 877-296-5507 or 678-894-3032 (int'l) - Conf. ID #58637037

Online Replay: <http://fluxpwr.investorroom.com/events> avail. ~3 hours after call ends.

Flux integrates advanced lithium cell technology with proprietary battery management systems, components and in-house product design to create state of the art, scalable energy storage solutions for industrial and specialty use.

CEO, Ron Dutt, commented, "Calendar 2013 was a rebuilding period in which Flux made significant progress across a range of areas from product development and customer evaluations to distribution channels and improving our financial position. Our team has done a fabulous job transforming our business by converting our technology and technical and design expertise into several exciting products, while holding the line on costs.

"We completed commercial testing with a top ten U.S. beer distributor and a major soft drink distributor with favorable results and had similar success in tests via a forklift distributor in the Southwest. We are now working to progress these dialogues into initial orders in the coming months.

"In all instances our LiFT-24 volt pack outperformed and outlasted premium lead-acid batteries and in some cases enabled customers to continuously run their equipment through more than one shift. The LiFT Pack's design allows customization for a range of battery enclosure sizes. This flexibility enables Flux to quickly deploy new pack designs to address new material handling equipment brands and models.

“With a solid initial product line and expanding awareness, we believe our sales efforts should be increasingly productive through the balance of fiscal 2014. The first sales are the hardest, but as long as we deliver on our performance and cost of ownership promise, we feel Flux has tremendous potential in the coming months and years. I look forward to speaking with investors and answering questions on our call early next week.”

Kerri Taylor, Director of Business Development, added, “Equipment manufacturers and end-users that have tested our battery packs are calling them a 'game-changer' in material handling and distribution. Initial implementations in high use, diverse environments demonstrated our packs' superior performance and underscored potential cost savings of up to 70% of long-term battery expenses.”

Electric Forklifts and Lift Trucks

Flux is developing a full product line targeting industrial motive power applications where advanced lithium power capabilities and Flux's proprietary battery management system provide clear performance and cost of ownership benefits versus lead-acid batteries. Performance benefits include longer run time, less charging needed, no maintenance, substantially longer useful life, smaller footprint and lower weight.

Flux is also building relationships with lift and battery dealers and distributors across the country. Flux has provided LiFT Pack evaluation units to prospective customers and distributors for their testing and review and will be working to advance these dialogues to initial agreements.

Major OEM "Electric Walkie Pallet Truck" LiFT Pack OEM Approval

Earlier this week, following third-party testing, the Flux LiFT-24V-TRW battery pack was approved for use in Toyota Class III electric walkie pallet trucks, operated by an individual walking behind the vehicle. Toyota is the world's number one selling lift truck manufacturer in the North America and has 220 dealership locations across North America.

[Electric Tow Vehicles](#)

Similarly, Flux has developed and is piloting a 36 volt lithium storage pack for use in place of lead-acid batteries in Wesley International's Pack Mule line of electric [tow vehicles](#) used by Fortune 100 companies in warehouse, distribution center and manufacturing environments. Development, testing and the start of initial production should take six-to-nine months.

[Robotic Mining & Civil Construction](#)

[Penguin Automated Systems Inc.](#) selected Flux to develop a 46-kilowatt, 48-volt lithium ion phosphate battery pack to power a three-ton, unmanned mining and civil construction robot Penguin is developing in collaboration with Codelco, Chile's largest mining company. The robot prototype is scheduled to begin testing later this year with South American customers. Flux was selected for its technical expertise and sensitivity to meeting the effort's run time, charge time and hazardous environment requirements.

Flux was also selected to provide a major military integrator with high performance portable lithium power packs for a renewable solar energy solution they have begun to offer for powering military electronics in the field.

Q2 Financials

Flux Power's results for its fiscal 2014 second quarter ended December 31, 2013 (Q2 '14) were filed in Form 10-Q this afternoon and will be available here: [Flux Power SEC Filings](#). Q2 '14 was a period of transition for Flux as it advanced product development, sales and marketing and distribution efforts for its new business focus. Accordingly, Q2 '14 revenues declined to \$28,000 versus revenues of \$516,000 in Q2 '13 related to the Company's legacy storage products for the electric vehicle market. As a result of these customers' business, demand and financial challenges, Flux management moved to reposition the company in Q4 '13.

Flux also made staffing and overhead reductions in May that yielded a significant decrease in ongoing sales, general and administrative expenses. SG&A declined to \$342,000 in Q2 '14 from \$687,000 in Q2 '13, reflecting the cost reductions as well as the absence of one-time reverse merger expenses incurred in Q2' 13. Similarly, Flux reduced Q2 '14 R&D expense to \$123,000 from \$236,000 in Q2 '13. Flux reported a Q2 '14 net loss of \$915,000, or \$(0.02) per basic share, which included non-cash items totaling \$522,000. This compares to Q2 '13 net income of \$876,000, or \$0.02 per diluted share, which benefitted from a \$2.2 million non-cash gain related to derivative liabilities. Per share results in Q2 '14 and Q2 '13 are based on a weighted average of 47,715,793 basic and 50,878,086 diluted shares outstanding, respectively.

Flux continues its efforts to improve its financial position. In October it extended the maturity of a \$1.5 million line of credit with its largest shareholder to 12/31/15, expanded the facility to \$2.0 million, and lowered the annual interest rate to 8% from 6%. Flux also approved an option to convert up to \$400,000 outstanding under the line of credit into common stock at \$0.06 per share, along with an option to convert any / all remaining amounts outstanding into common stock at \$ 0.30 per share until 12/31/15.

In January Flux issued 10 units to the company's largest shareholder for aggregate consideration of \$600,000, comprised of \$200,000 in cash and the conversion into equity of \$400,000 outstanding under the line of credit. Each unit consisted of 1 million shares of common stock and 500,000 five-year warrants to purchase Flux common stock at \$0.20 per share. Giving effect to the common stock issued pursuant to these units, Flux Power has approximately 61,035,576 million basic shares outstanding as of February 14, 2014.

Flux Power Holdings (www.fluxpwr.com)

Flux Power designs, develops, and markets advanced energy storage systems ("batteries") offering improved performance, extended cycle life and greater return on investment. Flux sells direct and through a growing base of distribution relationships. Products include batteries, packaged modules, advanced energy storage systems and components such as stand-alone battery management, stackable chargers, programming software and display systems.

Twitter Company: [@FLUXpwr](#) Investor Relations: [@FluxPowerIR](#)
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BoardVote: BoardVote.com/symbol/FLUX

This release contains certain "forward-looking statements" relating to Flux's business, that

are often identified by the use of "believes," "expects" or similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from those anticipated, believed, estimated, expected, etc. Such forward-looking statements include the development and success of new products, distribution partnerships and business opportunities and the uncertainties of customer acceptance of new products. Actual results could differ from those projected in due to numerous factors. These forward-looking statements are made as of the date of this news release, and we assume no obligation to update these statements or the reasons why actual results could differ from those projected. Although we believe that beliefs, plans, expectations and intentions in this press release are reasonable, there can be no assurance that they will prove to be accurate. Investors should refer to the risk factors outlined in our Form 10-K, 10-Q and other reports filed with the SEC and available at www.sec.gov/edgar.

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