

January 13, 2022



Flux Power Issues Shareholder Letter and Corporate Update

VISTA, Calif.--(BUSINESS WIRE)-- **Flux Power Holdings, Inc.** (NASDAQ: [FLUX](#)), a developer of advanced lithium-ion battery packs for commercial and industrial equipment, today issued a letter to shareholders from Ron Dutt, CEO of Flux Power.

Dear Fellow Shareholders,

On behalf of the entire team at Flux Power, we hope you had a wonderful Holiday Season and wish you a Happy New Year!

In reviewing calendar year 2021, Flux Power experienced continued high growth amidst numerous challenges and opportunities. The year was highlighted by increasing demand for our lithium-ion battery packs and the addition of new customers and products. The year ended with over 10,000 high performance battery packs in the field for lift trucks and other industrial equipment including airport ground support equipment (GSE), and stationary energy storage for EV charging. These accomplishments have resulted in a now 13 consecutive quarters of year-over-year revenue growth, record gross margin, and a record \$28.0 million customer order backlog. We also strengthened our balance sheet during the year, raising net proceeds of \$14.1M from a registered direct offering and converting all debt to equity.

With ongoing global supply chain disruptions and COVID-19 pandemic headwinds throughout the year, we continued to innovate new approaches to serve our customers, while maintaining business growth trajectory of over 50% per year. The pandemic pressures have created frustrating shipment delays and part shortages but have in turn made us stronger and more resilient.

To meet our goals and challenges, during the year we improved and expanded our supply chain and production staff and processes. Our supplier management has been assessed and improved from end to end. The pressure tests invoked by the pandemic have driven specific actions including supplier management actions, launching lean manufacturing, adding new shippers, implementing high performance cycling equipment, and strengthening staff capabilities.

Throughout 2021, we continued to see our market expand with the increasing rate of fleet electrification and supportive government regulations. Companies are becoming more aware of the consequences of carbon emissions and the role batteries and electrification can play as a solution. Our customers are looking for energy solutions that support their sustainability initiatives. Lithium-ion battery packs have a small share of the market today, but a high and growing adoption rate in the material handling industry.

Building on our success in the material handling industry, we are broadening our reach to include shipments of battery packs used for stationary energy storage and electric

autonomous shuttles.

Looking ahead into 2022, we are focused on delivering quality products, meeting delivery requirements, and achieving customer satisfaction that is best-in-class.

Some of the initiatives we have planned for 2022 include:

- New product designs for margin enhancement, part commonality and improved serviceability;
- Production facility improvements to increase throughput and support our record backlog;
- New customer acquisition with Fortune 100 & 500 companies;
- Deployment of our Sky BMS telematics technology;
- New investor engagement to proactively communicate Flux Power's growing financial performance, Fortune 500 customer base and record backlog that is positioning the Company to be a global leader in lithium-ion energy storage solutions for large commercial and industrial fleets.

We continue to leverage our first mover position in lithium-ion adoption with our growing list of new and diverse Fortune 500 customers, giving us validation of our strategy. Our commitment, consistent performance and trustworthiness are the foundation for long-term, sustainable relationships with our customers.

2022 presents an exciting opportunity for Flux Power to continue our growth trajectory with customers, collaborating with OEMs, improving margins in the face of supply chain disruptions, and increasing shareholder value. Withstanding the volatility in the electrification sector, we believe continued execution of our strategy will support increasing shareholder value for the future.

We wish you all the best for a happy, healthy, safe, prosperous, and successful new year!

Best Regards,

Ron Dutt
CEO, Flux Power

2021 Highlights

- Acquired new major customers with large material handling fleets in multiple locations
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- Launched and shipped new product - M24, the battery pack for End Riders & Center Riders and high voltage battery packs (over 400 volts)
- Transitioned product range to enhanced cell technology including revised UL Listing and OEM approvals
- Surpassed milestone of 10,000+ battery packs in the field
- Established dealer network in Mexico
- Built a record backlog of customer orders - \$28M
- Financial highlights
 - Record revenue
 - Record gross margin

- 13 consecutive quarters of year-over-year revenue growth
- Raised net proceeds of \$14.1M from a registered direct offering
- Eliminated debt by conversion to equity
- Added manufacturing and quality expertise with new hires (VP of Operations, Director of Quality) to round out the existing talent of the Management Team
- Partnered with international investor relations specialists MZ Group (MZ) to help communicate the Flux Power growth story to investors and analysts
- Increased equity research coverage to 4 analysts

About Flux Power Holdings, Inc.

Flux Power Holdings (NASDAQ: FLUX), based in Vista, California, designs and manufactures sustainable advanced lithium-ion energy storage solutions for material handling and industrial equipment. The Company has deployed over 10,000 batteries throughout North America for its customers, including large Fortune 500 fleets, for use in lift trucks, airport ground support equipment (GSE), solar energy storage and other commercial applications. Its lithium-ion battery packs are maintenance free and include a proprietary battery management system (BMS) and telemetry. Flux Power's lithium-ion battery alternative to traditional lead acid and propane-based solutions are better performing with improved uptime and a lower cost of ownership and operation. Lithium-ion battery packs reduce environmental impacts and CO₂ emissions and increase sustainability and ESG metrics for fleets. For more information, please visit www.fluxpower.com.

Forward-Looking Statements

This release contains projections and other "forward-looking statements" relating to Flux Power's business, that are often identified using "believes," "expects" or similar expressions. Forward-looking statements involve several estimates, assumptions, risks, and other uncertainties that may cause actual results to be materially different from those anticipated, believed, estimated, expected, etc. Such forward-looking statements include impact of COVID-19 on Flux Power's business, results and financial condition; Flux Power's ability to obtain raw materials and other supplies for its products at competitive prices and on a timely basis, particularly in light of the potential impact of the COVID-19 pandemic on its suppliers and supply chain; the development and success of new products, projected sales, deferral of shipments, Flux Power's ability to fulfill backlog orders or realize profit from the contracts reflected in backlog sale; Flux Power's ability to fulfill backlog orders due to changes in orders reflected in backlog sales, Flux Power's ability to timely obtain UL Listing for its products, Flux Power's ability to fund its operations, distribution partnerships and business opportunities and the uncertainties of customer acceptance and purchase of current and new products. Actual results could differ from those projected due to numerous factors and uncertainties. Although Flux Power believes that the expectations, opinions, projections, and comments reflected in these forward-looking statements are reasonable, they can give no assurance that such statements will prove to be correct, and that the Flux Power's actual results of operations, financial condition and performance will not differ materially from the results of operations, financial condition and performance reflected or implied by these forward-looking statements. Undue reliance should not be placed on the forward-looking statements and 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. These forward-looking statements are made as of the date of this news release, and Flux Power assumes no

obligation to update these statements or the reasons why actual results could differ from those projected.

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