

May 15, 2014



Lithium Battery Innovator -- Flux Power -- Reviews Q3 Progress & Hosts Call Today at 4:30 p.m. EDT

Flux LiFT Packs Undergoing Testing at 16 Customer Locations; Lithium Batteries Challenging Lead-Acid and Fuel Cells in Material Handling Market

VISTA, CA -- (Marketwired) -- 05/15/14 -- Flux Power[®] Holdings, Inc. (OTCQB: FLUX), an innovator in advanced lithium energy storage systems for lift equipment, portable power and grid storage, today reported recent progress and its results of operations for the third quarter ended March 31, 2014 (Q3'14). Flux is hosting an investor call and webcast today at 4:30 p.m. EDT to review recent developments and to answer questions.

Conference Call: (877) 296-5507 or (678) 894-3032 (int'l) - Conf. ID #42856626

Webcast and Replay:

[Direct Link to Flux Webcast](http://fluxpwr.investorroom.com/events) or
<http://fluxpwr.investorroom.com/events>

Flux Power develops and markets advanced lithium-ion battery packs based on its proprietary battery management system, in-house engineering and product design. Flux storage solutions deliver improved performance, extended cycle life and greater return on investment than legacy solutions.

For the past twelve months, Flux has been transitioning its business and product focus to the development and sale of advanced battery packs in new markets, principally for motive power applications such as lift equipment (forklifts) used in material handling, for portable power in military and entertainment applications and for stationary power for grid storage.

During Q3'14 Flux secured approval from a leading forklift OEM to sell its 24 Volt LiFT Pack lithium battery solution for Class III "walkie" lift trucks operated by an individual walking behind the vehicle. The approval was granted following an extensive testing process and applies to new lift trucks and as a replacement option for existing trucks. This OEM approval represents a major milestone for Flux and has helped to expand market interest and the pace of partner and customer dialogues.

Flux is currently engaged in similar approval processes with two additional top-10 global lift truck OEMs. At the same time Flux is working to advance its sales and marketing efforts within its distribution network of battery distributors and lift equipment dealers.

Motive Power Market Awareness & LiFT Pack Piloting

Flux has spent the past several months developing and introducing its LiFT Pack solution to

customers, distributors, dealers and OEMs within the lift industry. These efforts have generated significant exposure and interest that has significantly increased the number of prospective partners and customers that are currently evaluating, or are scheduled to evaluate, Flux LiFT Packs. LiFT Packs are currently under evaluation at 16 different customer/distributor locations, including major grocery store operators, three global beverage companies, and a national food products producer and distributor.

In April Flux exhibited before leading battery distribution companies from across the U.S. at the DC Power Group conference in Nashville. Flux's lithium-ion battery solutions were well received, and the conference yielded active dialogues with 12 different regional battery distributors. Battery distributors play a critical role in the supply chain given their specialized product knowledge and ability to sell both to equipment dealers and direct to customer accounts. Flux is investing substantial time and resources to advance its distribution relationships, educating managers and sales teams and setting up product demos and pilots with sales personnel and certain large customers. The demonstration and piloting process is expected to pave the way to formal distribution agreements and customer orders.

Flux also presented at an April beverage industry conference focused on materials handling products, trends and issues. The food and beverage industry offers substantial sales potential for Flux given their fleets of lift equipment in warehouse facilities and on delivery trucks.

CEO, Ron Dutt, commented, "Flux Power has made significant strides building awareness among lift dealers and OEMs, battery distributors and large end-users of the superior performance and total cost benefits we provide in Class III lift trucks, also known as 'walkies.' The LiFT Pack advantages are particularly compelling for customers operating large fleets and multiple shifts when you consider the improvements we deliver as far as longer run times, better performance, reduced downtime, no maintenance requirements and a useful life several times that of legacy lead-acid batteries.

"The LiFT Pack storage solution, which retails between \$2,500-3,900 depending on the specifications, is also very attractive versus high profile fuel cell power solutions at reported costs of \$10,000 per unit and higher, even before factoring in required infrastructure, safety and training costs."

Electric Tow Vehicle ("Tug and Tow") Market Opportunity

In the electric tow vehicle market we are working with an OEM partner on an upcoming presentation of our 36-V Tug-and-Tow Pack to a Fortune 100 company. We see sizable opportunity for Flux packs in tug and tow vehicles, which are widely used by Fortune 500 companies across warehouse, manufacturing, and distribution environments. Through our growing network of battery distributors we will pursue partnerships with additional larger OEM's in the tug and tow market going forward.

Third Quarter Financial Results

Flux's Q3'14 revenues which reflect its new business focus increased to \$94,000 versus Q2'14 revenues of \$28,000, but declined by 13% versus Q3'13 revenue of \$108,000 that related to the Company's prior products and strategy.

SG&A increased to \$476,000 in Q3'14 versus \$342,000 in Q2'14, but declined versus \$574,000 in Q3 last year. The sequential increase in SG&A primarily reflects expenses

associated with expanding our sales, marketing and external communications efforts.

Flux reduced Q3'14 R&D expense to \$139,000 from \$280,000 in Q3'13, but increased slightly by \$16,000 versus Q2'14, reflecting the shift in over the past year from development to production.

Including non-cash items of \$650,000 resulting from a gain to warrant holders due to an increase in the price of the Company's common stock, Flux reported a Q3'14 net loss of \$1,745,000, or \$(0.03) per basic share. This compares to Q3'13 net loss of \$1,098,000, or \$(0.02) per basic share. Per share results in Q3'14 and Q3'13 are based on a weighted average of 62,455,354 basic and 47,003,583 diluted shares outstanding, respectively. Flux Power's financial results for the quarter ended March 31, 2014 will be filed with the SEC on Form 10-Q on May 15, 2014 and will be available for review here: [Flux Power SEC Filings](#).

During Q3'14 Flux completed a private placement of restricted common stock and warrants that yielded net proceeds, including the conversion of debt, of \$1.944 million. The common stock was priced at \$0.06 per share and the warrants enable the purchase of one Flux share for \$0.20 for every two shares purchased in the private placement. Reflecting shares issued pursuant to the placement, Flux Power had 80,825,576 basic shares outstanding as of March 31, 2014.

About Flux Power Holdings, Inc. (www.fluxpwr.com)

Flux Power develops and markets advanced lithium-ion energy storage systems ('batteries') based on its proprietary battery management system (BMS) and in-house engineering and product design. Flux storage solutions deliver improved performance, extended cycle life and greater return on investment than legacy solutions. Flux sells direct and through a growing base of distribution relationships. Products include advanced battery packs for motive power in the lift equipment, tug and tow and robotics market, portable power for military and entertainment applications and stationary power for grid storage.

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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Source: Flux Power Holdings, Inc.