FLUX POWER

2nd Quarter FY2023 Financial Results Conference Call

NASDAQ: FLUX

February 9, 2023

Safe Harbor Language

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation, including statements as to the Company’s future results of operations and financial position, planned products and services, business strategy and plans and objectives of management for future operations, are forward-looking statements.

These statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

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Flux Power: Electrifying Commerce

Key 2nd Quarter FY 2023 Highlights

- Revenue increased 123% to $17.2M in Q2’23 compared to Q2’22 revenue of $7.7M
- Achieved 18th consecutive quarter of year-over-year revenue growth
- Gross profit increased 294% to $4.1M in Q2’23 compared to $1.0M in Q2’22
- Gross margin was 24% in Q2’23 compared to 14% a year ago and 22% in Q1’23
- Adjusted EBITDA loss was $2.4 million for the six months ended December 31, 2022, an improvement from an adjusted EBITDA loss of $8.5 million for the six months ended December 31, 2021
- Order backlog totaled $30.4M as of December 31, 2022 reflecting continued lithium adoption

Strategic Supply Chain & Profitability Improvement Initiatives

- Improved production critical material supply as a result of diversifying of our supply base and additional supply chain normalization
- Expanded customer base with 2 new Fortune 500 customers and long term prospects for continued lithium adoption
- Leveraged increased customer volumes to re-source steel and board components to low-cost regions and to higher volume local suppliers
- Inventory kitting process improvements have provided sustainable productivity improvements
- Progressing new product designs to lower costs, simplify the bill of materials, improve manufacturability and serviceability
- Developed in-house vibration table and temperature control unit for battery testing, insourcing new capabilities, and enabling lower cost and expedited UL and UN 38.3 testing
- Enhanced capacity and throughput by ongoing adoption of lean manufacturing principles enabling us to more quickly monetize backlog and maximize output with existing resources

Trajectory to Cash Flow Breakeven

- Strategic Supply Chain & Profitability Improvement Initiatives gaining momentum
- Sequential reduction in cash used by operations, a year-over-year decline of $13.5 million or 88% from the first half of FY2022
- Sequential and year-over-year improvement in gross margins from cost and price initiatives
- Design cost actions to lower material and assembly cost and simplify inventory requirements
- Current credit facility availability of $9.7 million includes $5.7 million remaining balance under our revolving line of credit with Silicon Valley Bank (“SVB Credit Facility”) and $4.0 million available under the subordinated line of credit (“Subordinated LOC”)

Quarterly Adjusted EBITDA Trajectory

Diverse Customer Base in Multiple Segments

Food & Beverage
- ARCTIC GLACIER PREMIUM ICE
- Frito Lay
- JBS
- Mondelēz International
- pepsi

Retail & Grocery
- AutoZone
- COSTCO WHOLESALE
- P&G
- MARKET BASKET "MORE FOR YOUR DOLLAR"
- Walmart

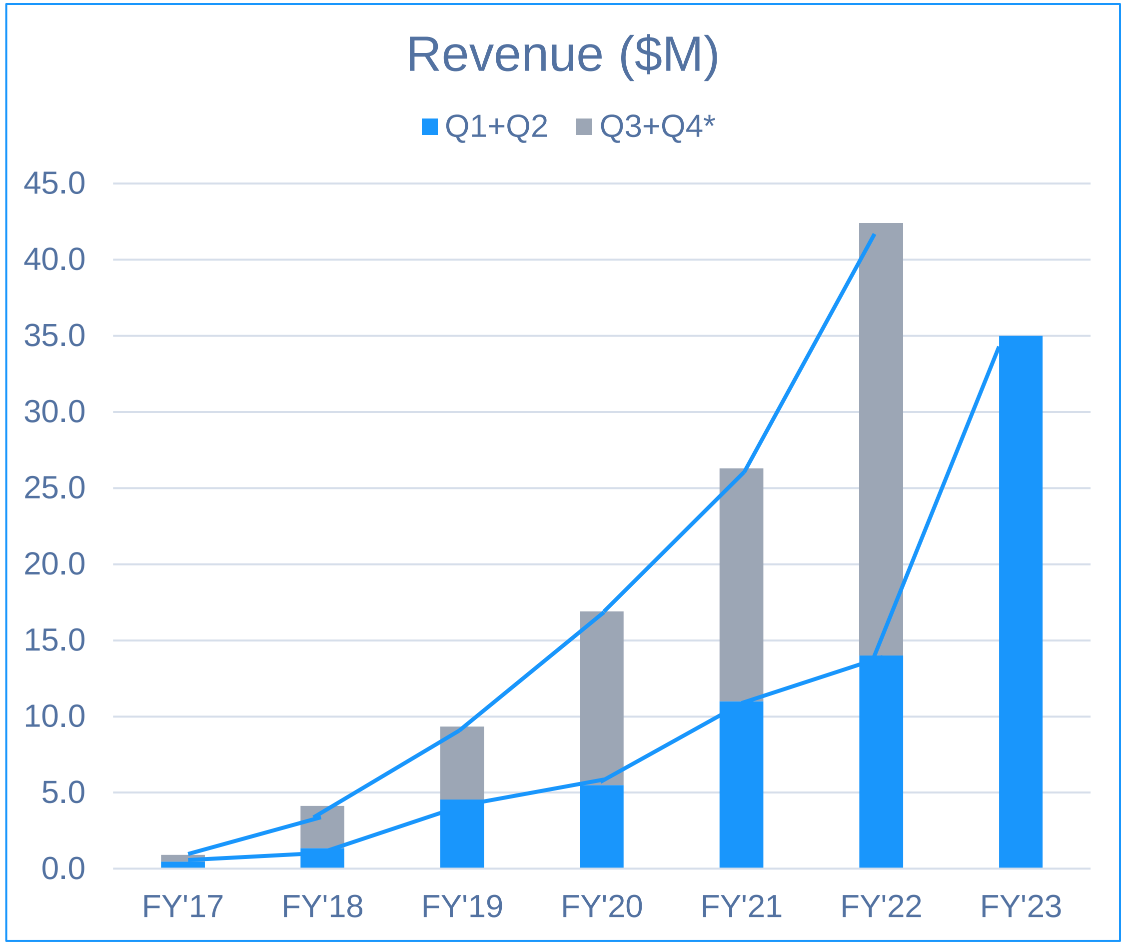
Manufacturing
- SUBARU
- NISSAN
- android
- CATERPILLAR
- BENTELER
- CROWN CORK & SEAL
- GP Georgia-Pacific
- Electrolux

Distribution
- Lineage
- FedEx
- US FOODS
- SpartanNash
- MB
- ENVASES
- ANDREWS — ANDREWS DISTRIBUTING ESTABLISHED 1976
- McLANE

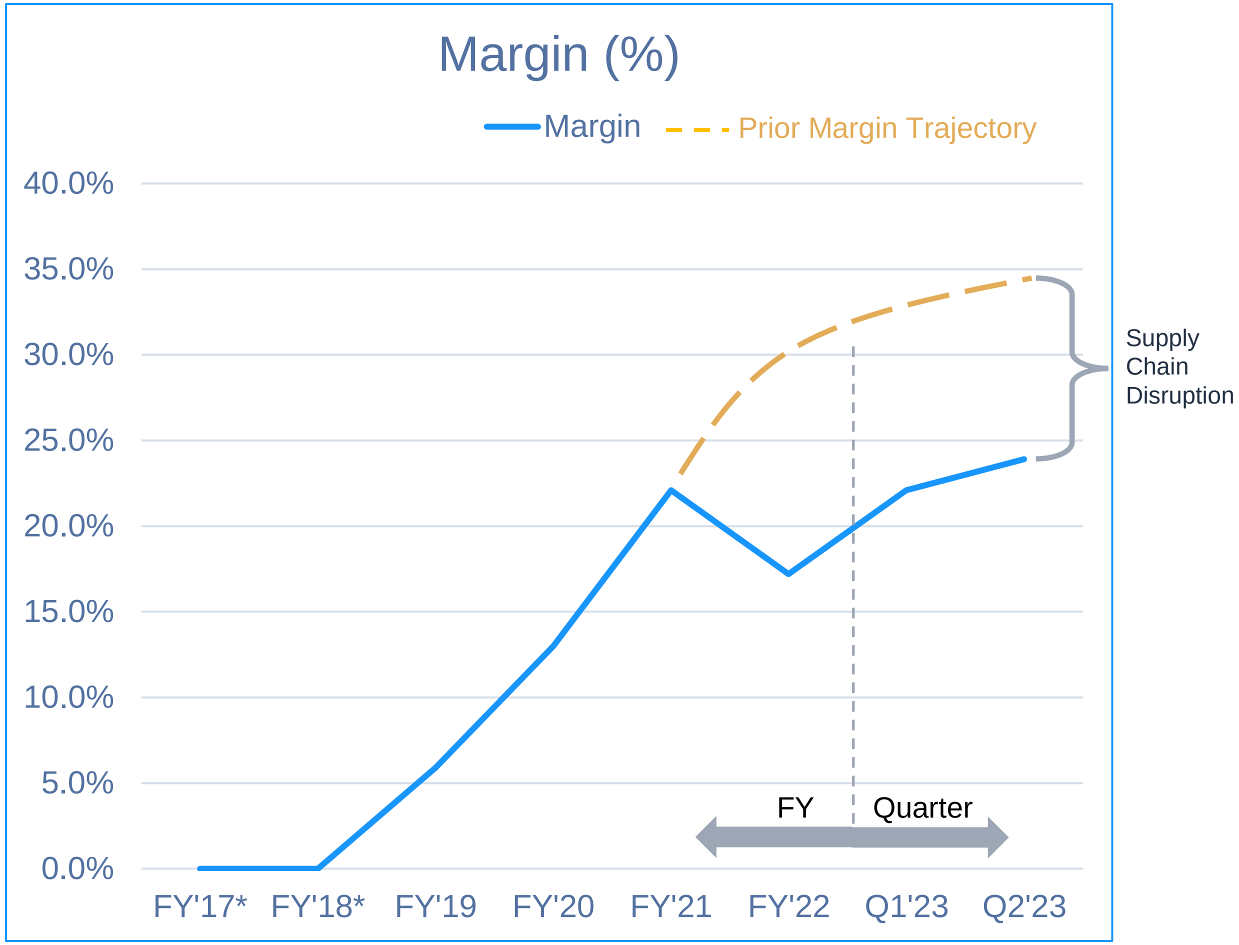
Stationary Energy Storage
- BEAM

Airport GSE
- DELTA
- swissport
- BAE SYSTEMS
- CAL-LIFT SERVICE · PARTS · RENTALS · SALES

Supply Chain Delays Impact Gross Margin

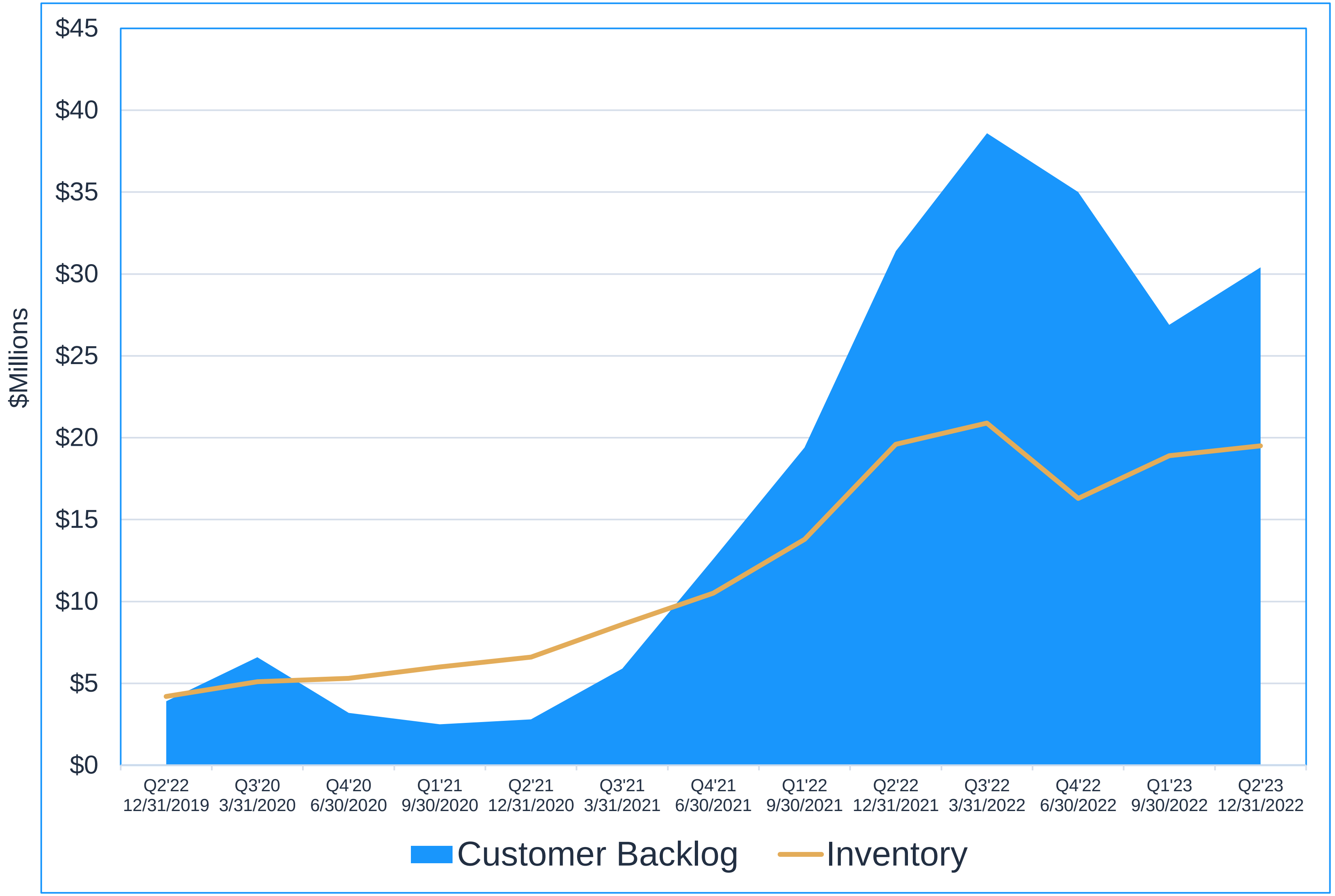


*FY'23 does not include Q3'23 or Q4'23 revenue



*Gross Margins were negative in FY'17 & FY'18

Customer Backlog & Inventory



- Customer backlog increased to $30.4 million as of December 31, 2022 from $26.9 million as of September 30, 2022 due to new orders outpacing shipments
- Normalization of global supply chains, ongoing adoption of lean manufacturing principles driving throughput and capacity improvements as we continue to monetize Customer backlog
- Inventory increased to $19.5 million as of December 31, 2022 from $18.9 million as of September 30, 2022 to mitigate supply chain disruptions, support timely deliveries

Second Quarter 2023 Financial Highlights

$ in millions		Three Months Ended December 31 2022		2021
Revenue	$	17.2	$	7.7
Gross profit	$	4.1	$	1.0
Gross margin (%)		23.9%		13.5%
SG&A expenses	$	4.3	$	4.0
R&D expenses	$	1.2	$	2.1
Adjusted EBITDA	$	(0.9)	$	(4.7)

Closing Summary

1 Strategic initiatives deployed and NOW working to increase profitability and mitigate ongoing global supply chain disruptions

2 Business growth trajectory continues along with new customer acquisitions

3 Continued increase in both customer demand and related production capacity increases

4 Planning into emerging sectors such as warehouse robotics and high voltage applications

5 Highest priority: Trajectory to cash flow breakeven and profitability

Q&A

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