



3rd Quarter FY2023 Financial Results Conference Call

NASDAQ: FLUX

May 11, 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.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "aims," "predicts," "potential," "seeks," "attempts," "poised" or "continues" or the negative of these terms or other similar words. These statements are only predictions.

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This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other industry data. This data involves several assumptions and limitations, and you are cautioned not to give undue weight to such estimates. The Company has not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and, accordingly, it cannot guarantee their accuracy or completeness.

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Flux Power: Electrifying Commerce

Key 3rd Quarter FY 2023 Highlights

- Revenue increased 14% to \$15.1M in Q3'23 compared to Q3'22 revenue of \$13.2M
- Achieved 19th consecutive quarter of year-over-year revenue growth
- Gross profit increased 146% to \$4.7M in Q3'23 compared to \$1.9M in Q3'22
- Gross margin was 31% in Q3'23 compared to 15% a year ago and 24% in Q2'23
- Adjusted EBITDA loss was \$0.7 million and \$3.1 million for the three and nine months ended March 31, 2023, an improvement from an adjusted EBITDA loss of \$3.4 million and \$11.9 million for the three and nine months ended March 31, 2022, respectively
- Order backlog totaled \$25.0M as of March 31, 2023 reflecting continued lithium adoption

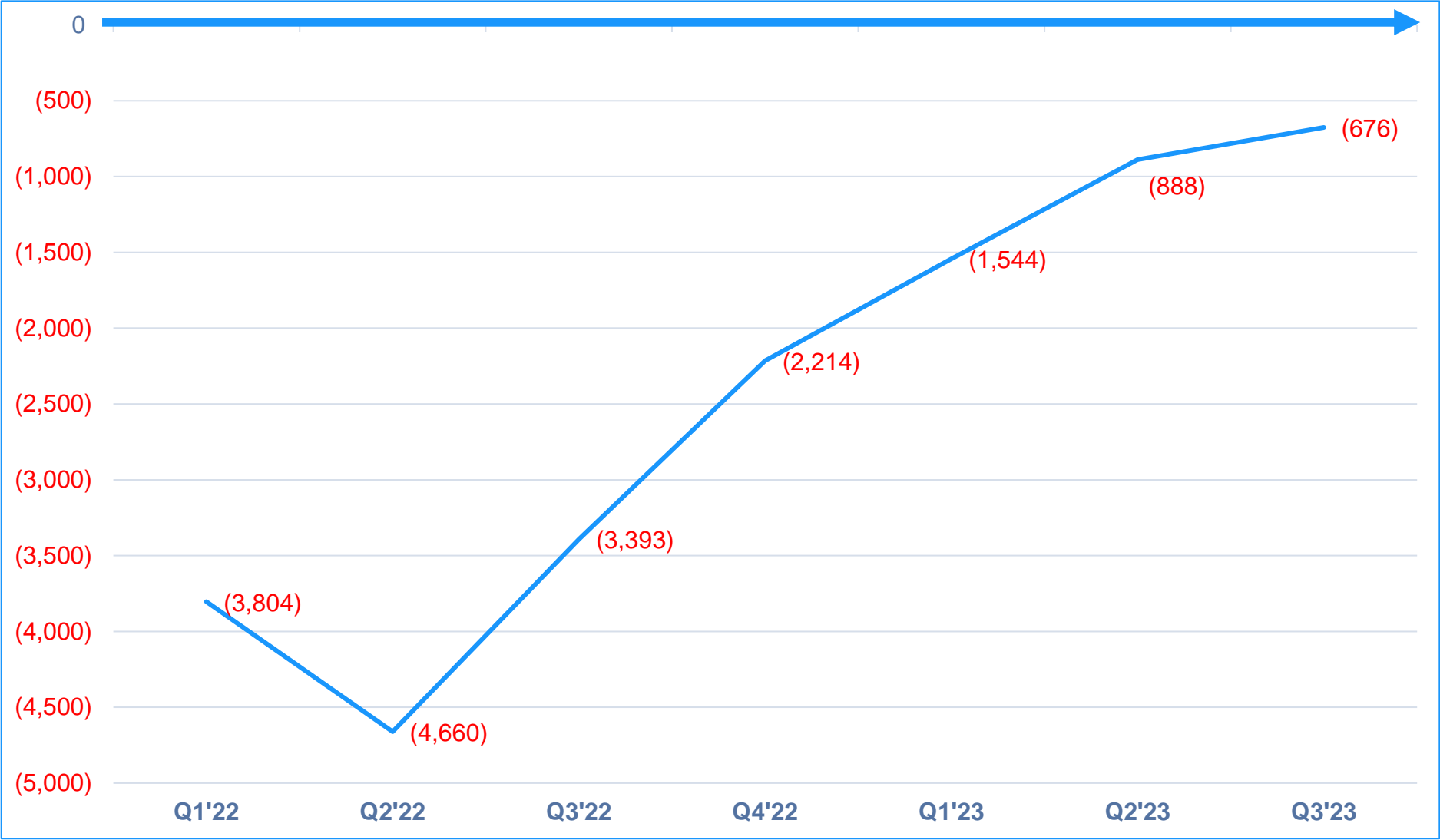
Strategic Supply Chain & Profitability Improvement Initiatives

- 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 large fleet 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
- Opened new Atlanta facility to supplement its customer support services, enabling faster response times to customer base, while also materially reducing costs associated with personnel travel and shipping of battery packs
- Expanded in-house testing and product validation capabilities with all equipment needed to satisfy UL 2580 and UN/DOT 38.3 compliance testing, including an onsite vibration table, eliminating the need to outsource any aspect of testing for either UL or UN certifications and reducing the time required from testing to certification

Trajectory to Cash Flow Breakeven

- Strategic Supply Chain & Profitability Improvement Initiatives gaining momentum
- Reduction in cash used by operations, a year-over-year decline of \$14.1 million or 73% from the first nine months ending March 31, 2022
- 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 \$7.8 million includes \$3.8 million remaining balance under renewed revolving line of credit with First Citizens Bank (“SVB 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



Retail & Grocery



Manufacturing



SUBARU



NISSAN



android



CATERPILLAR



BENTELER



CROWN CORK & SEAL



GP Georgia-Pacific



Electrolux

Distribution



Lineage



FedEx



US FOODS



SpartanNash



MB



ENVASES



ANDREWS DISTRIBUTING
ESTABLISHED 1976



MCLANE

Stationary Energy Storage



BEAM

Airport GSE



DELTA



swissport

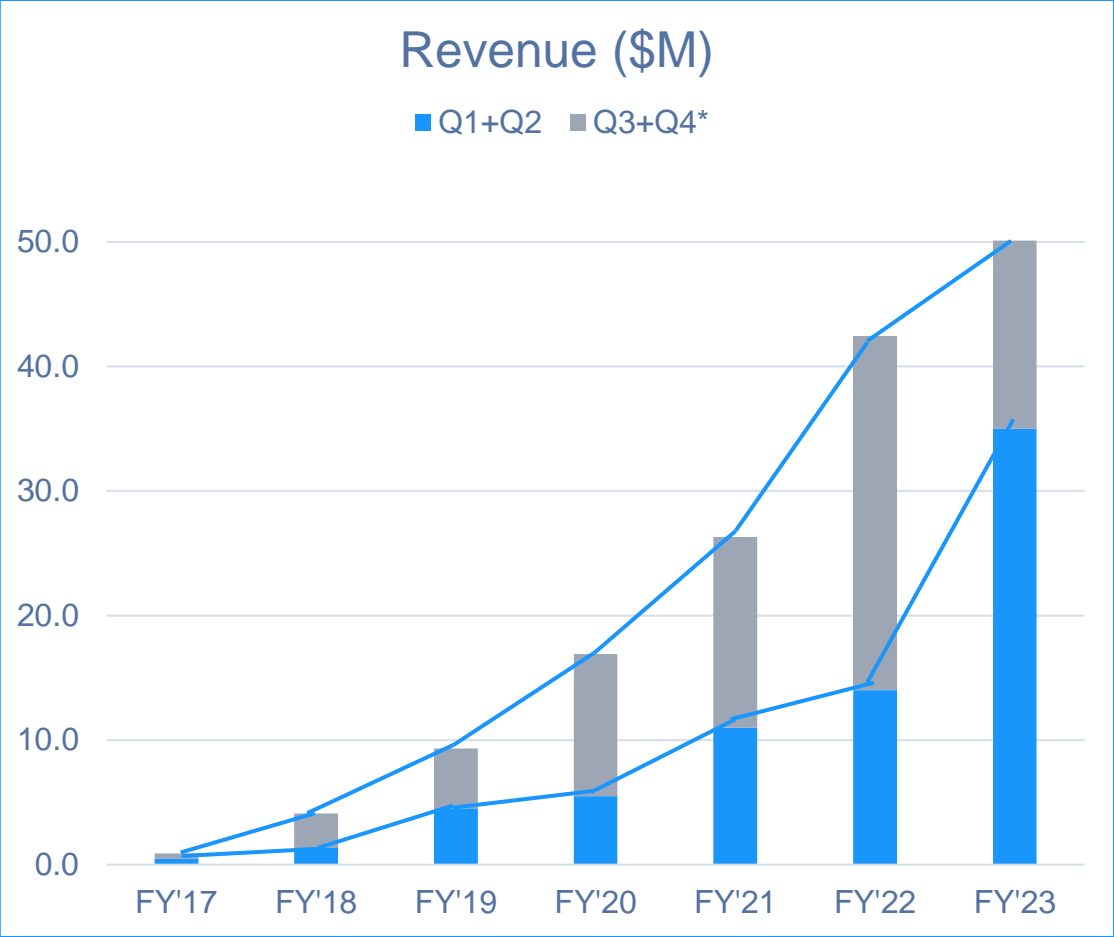


BAE SYSTEMS

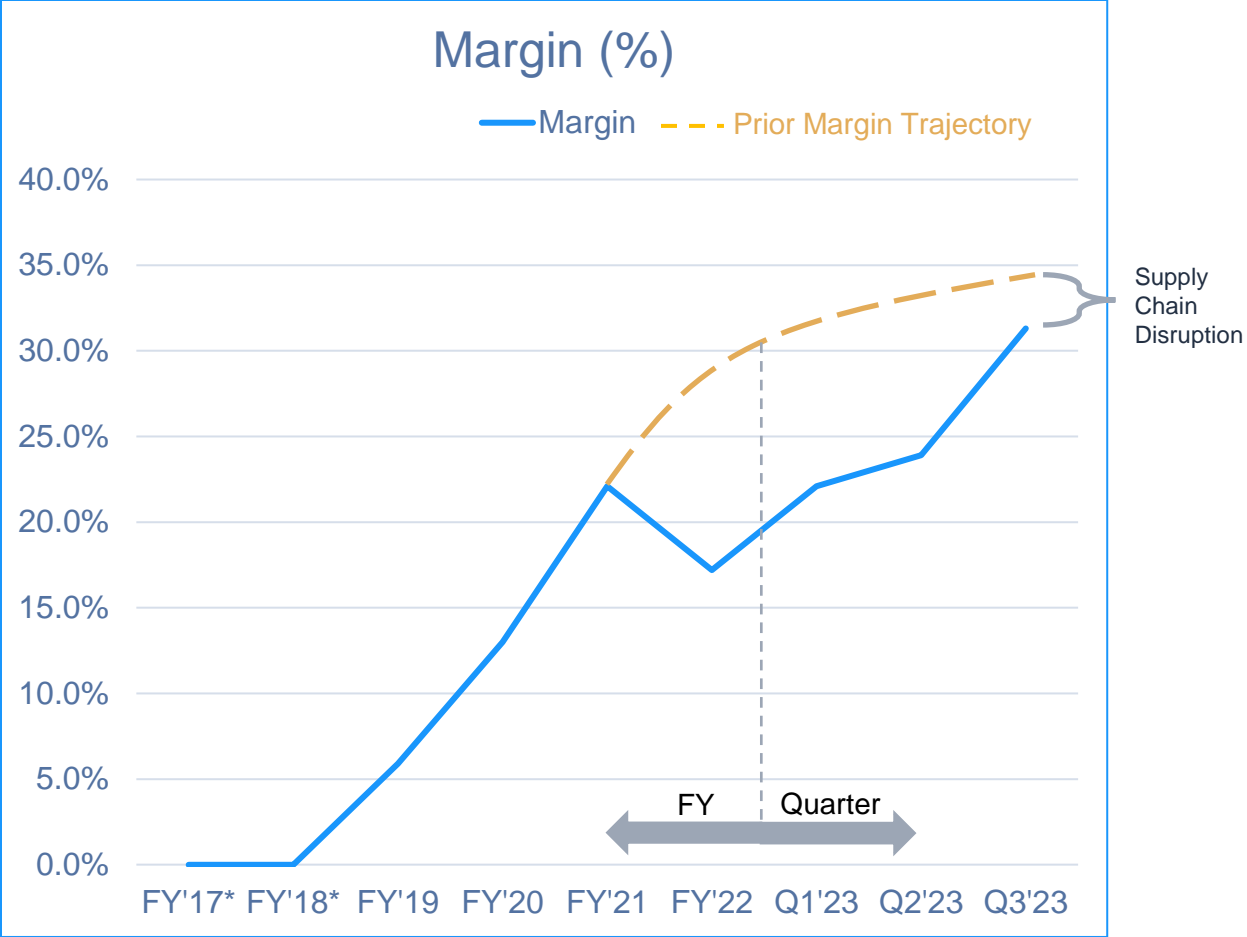


CAL-LIFT
SERVICE • PARTS • RENTALS • SALES

Supply Chain Delays Impact Gross Margin

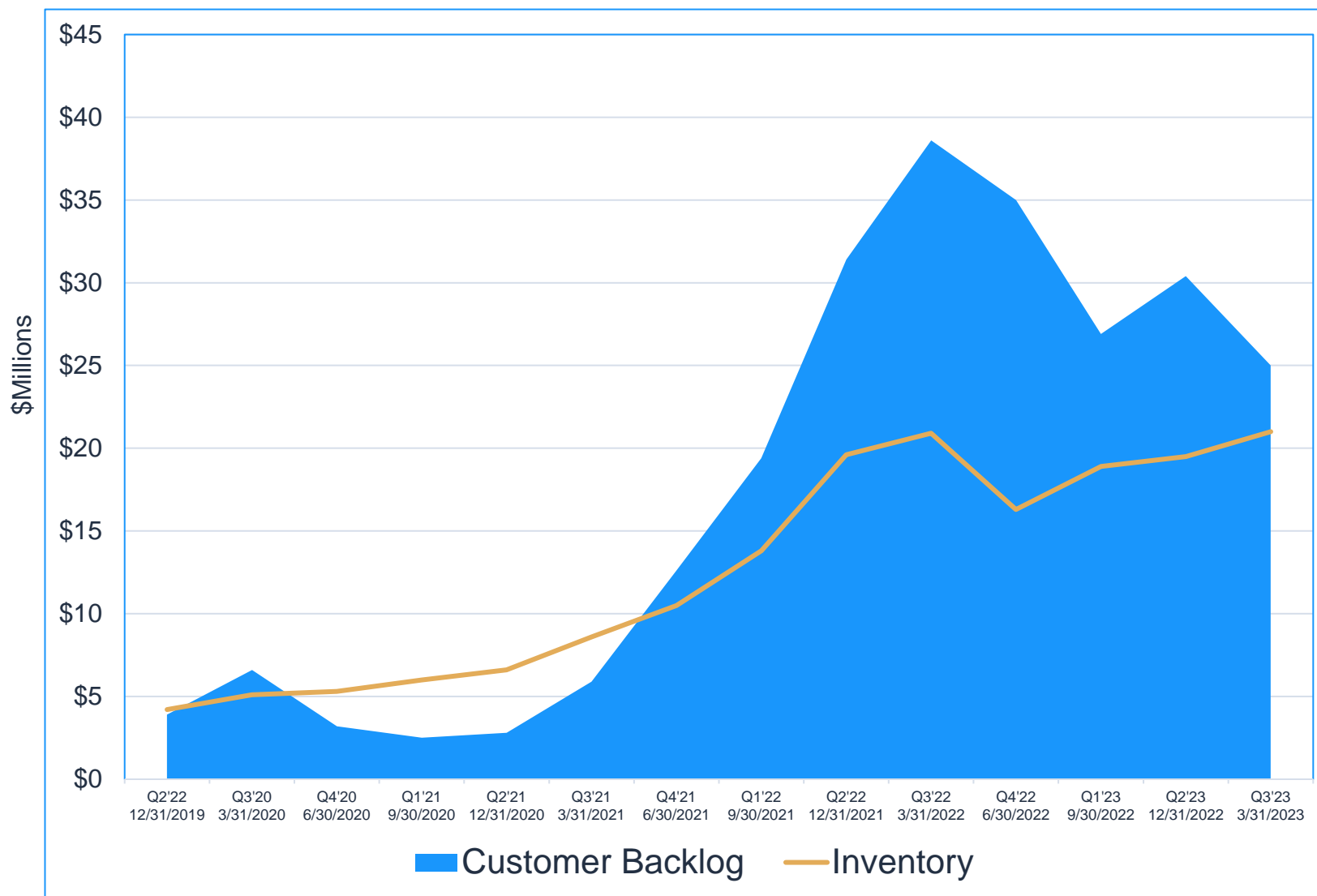


*FY'23 does not include Q4'23 revenue



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

Customer Backlog & Inventory



- Customer backlog decreased to \$25.0 as of March 31, 2023 from \$30.4 million as of December 31, 2022 due to backlog conversion outpacing new orders
- 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 \$21.0 as of March 31, 2023 from \$19.5 million as of December 31, 2022 to mitigate supply chain disruptions, support timely deliveries

Third Quarter 2023 Financial Highlights

	Three Months Ended March 31	
\$ in millions	2023	2022
Revenue	\$ 15.1	\$ 13.2
Gross profit	\$ 4.7	\$ 1.9
Gross margin (%)	31.3%	14.6%
SG&A expenses	\$ 4.7	\$ 3.9
R&D expenses	\$ 1.2	\$ 1.7
Adjusted EBITDA	\$ (0.7)	\$ (3.4)

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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