January 3, 2024

Flux Power Issues Shareholder Letter and Corporate Update

VISTA, Calif.--(BUSINESS WIRE)-- **Flux Power Holdings, Inc.** (NASDAQ: FLUX), a developer of advanced lithium-ion energy storage solutions for electrification of 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!

Throughout the calendar year 2023, Flux Power continued revenue and margin expansion while diligently following our roadmap to achieve consistent profitability and an improved capital structure. The year was highlighted by new purchase orders from installed and new customers, ending 2023 with over 20,000 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. For our products, during the year we obtained UL Solutions List Status for our next-generation G2 series battery platform and began developing Artificial Intelligence (AI) features for the SkyBMS® Telematics Platform. Operationally we opened a new Atlanta facility to supplement customer support services and continued our strategic supply chain and profitability improvement initiatives.

2023 Initiatives Accomplished:

- **Added 8 new customers in 2023**, reflecting customers desire to fulfill long-term fleet needs of replacing lead acid battery packs with lithium-ion.
- **Expansion of Gross Margins Leading to Profitability in FY2024**
- **Commenced development of Artificial Intelligence (AI) features for SkyBMS® Telematics Platform** to drive more informed decision-making around asset management and maximize operational efficiency.
- **Completed UL Solutions compliance testing** to obtain third-party, safety and durability certification for high demand new heavy-duty models to be launched for 2024, reflecting our product line expansion.
- **Launched initiative with technology partner** to incorporate fast charging capability into our lithium-ion battery cells.
- **Reached prototype stage** for automation of battery cells into modules to support current high customer demand, while achieving purchasing simplification and reducing inventory.
- **Expanded testing and product validation capabilities** with on-site vibration table, to reduce time required from testing to certification.
- **Opened a new Atlanta facility** to supplement customer support services in response to growth in nationwide sales of lithium-ion battery packs, enabling faster response

times to Flux Power's nationwide customer base.

- **Strategic Supply Chain & Profitability Improvement Initiatives** continued to accelerate the path to cash flow breakeven.
- **Secured a new $15 million credit facility, with expansion capability to $20 million,** from Gibraltar Business Capital ("GBC") to fund working capital and to repay its existing credit facility with Silicon Valley Bank ("SVB").
- **Secured a new $2.0 million subordinated line of credit** with Cleveland Capital providing additional credit support with an extended duration to August 15, 2025.
- **Terminated an at-the-market ("ATM") offering program.**
- **Customer order backlog of $31.1M** as of November 2, 2023.

Throughout the year, our increase in revenue mirrored the global trend of major corporations actively seeking ways to curtail emissions and address the challenges posed by climate change, particularly through the adoption of electric fleets. The escalating convergence of sustainability programs, financial efficiencies, and governmental regulations is compelling businesses to explore innovative solutions that not only cut carbon emissions but also align with their environmental, social, and governance objectives. In addition, our customers typically migrate to our lithium-ion packs to achieve higher performance and cost reductions, without government incentives.

To meet the demanding needs of our customers with cutting-edge solutions, we continued to innovate our products and capabilities and expand our reach into new applications. We began work to develop Artificial Intelligence features and capabilities into our SkyBMS Telematics platform, which delivers insight into equipment fleet's usage so customers can make more informed decisions to maximize operational efficiency. Our telemetry system with AI assistance can help anticipate and resolve issues before they happen, addressing the number one driver in fleet management - minimizing downtime of the equipment. We completed UL Solutions compliance testing to obtain third-party, science-backed certification for our next-generation clean energy battery technology. We also began a staged launching of our updated product platform that includes the rollout of "heavy duty" models for more demanding performance, which is expected to provide added revenue opportunities.

Throughout the year we built on our growing list of new and diverse Fortune 500 customers and partners. We added on average two new major customers each quarter while maintaining orders from existing customers. Expanding revenues from these relationships helped drive new customers to our technology. We anticipate our new heavy-duty models and OEM private label program commencing early in calendar year 2024 will effectively meet the robust market demand. We expect our installed base of customers will continue to adopt our existing and new lithium-ion packs for their fleet needs. Our significant backlog of open orders supports our strategy, along with a pipeline of high probability orders of over $100 million ahead of us in 2024.

In 2023 we took significant actions to strengthen our capital structure while managing our business growth and margin expansion with careful priorities as part of our strategy to enhance shareholder value. We migrated from our Silicon Valley Bank facility to a new $15 million credit facility with Gibraltar Business Capital, which provides lower interest rates, a two-year term, and the potential to expand the facility to $20 million to accommodate higher working capital needs as our business grows. This facility, along with our improvement in operating cash performance, supports our current business growth. An additional $2.0

million subordinated line of credit with Cleveland Capital provides greater working capital optionality beyond our projected needs and continued confidence in our growth strategy from a long-term investor in Flux Power. As we look to the future, we believe it is good corporate practice to have replaced our previous shelf registration as this allows the Company maximum flexibility with respect to our capital management.

Looking ahead, we believe 2024 will be another year of progress and opportunity for Flux Power as we continue our growth trajectory with a focus on the advancement of our technology, capacity, customer and partnership relationships, and expanding into new markets. Taken together, we believe our strategy is leading us toward near-term profitability and positioning us to be the leading provider to large Fortune 500 material handling fleets. We thank all our shareholders for your ongoing support as we work diligently to build on the short and long-term value of our company. We wish you all the best for a happy, healthy and prosperous new year!

Best Regards,

Ron Dutt
CEO, Flux Power

About Flux Power Holdings, Inc.

Flux Power (NASDAQ: FLUX) designs, manufactures, and sells advanced lithium-ion energy storage solutions for electrification of a range of industrial and commercial sectors including material handling, airport ground support equipment (GSE), and stationary energy storage. Flux Power's lithium-ion battery packs, including the proprietary battery management system (BMS) and telemetry, provide customers with a better performing, lower cost of ownership, and more environmentally friendly alternative, in many instances, to traditional lead acid and propane-based solutions. Lithium-ion battery packs reduce CO2 emissions and help improve 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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