
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 5, 2020

FLUX POWER HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or Other Jurisdiction of
Incorporation)

001-31543
(Commission
File Number)

86-0931332
(IRS Employer
Identification No.)

2685 S. Melrose Drive, Vista, California
(Address of Principal Executive Offices)

92081
(Zip Code)

877-505-3589
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.001 par value	FLUX	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) (i) On November 5, 2020, the Board of Directors (the “Board”) of Flux Power Holdings, Inc. (the “Company”) approved an amendment to the Company’s 2014 Equity Incentive Plan, as amended (the “2014 Plan”), to include the right to grant Restricted Stock Units (“RSUs”) under the 2014 Plan. All of the Company’s executive officers are eligible to participate in the 2014 Plan.

A copy of the Amendment No. 2. to the 2014 Plan is attached as Exhibit 10.1 hereto and is incorporated herein by reference to this Form 8-K. In addition, the foregoing summary of the RSUs is subject to, and qualified in its entirety to the terms set forth in the Form of Restricted Stock Unit Award Agreement and the Form of the Performance Restricted Stock Unit Award Agreement which are attached as Exhibits 10.2 and 10.3 hereto and are incorporated herein by reference to this Form 8-K.

(ii) In addition, on November 5, 2020, the Board approved an annual cash bonus plan (the “Annual Bonus Plan”) which allows the Compensation Committee and/or the Board of the Company to set the amount of bonus each fiscal year and the performance criteria. Executive officers and all employees (other than part-time employees and temporary employees) are eligible to participate in the Annual Bonus Plan (“Participants”) as long as the Participant remains an active regular employee of the Company. The Annual Bonus Plan is effective for fiscal year 2021 and each fiscal year thereafter (the “Plan Year”). For each Plan Year, the Compensation Committee will establish an aggregate amount of allocable Bonus under the Annual Bonus Plan and determine the performance goals applicable to a bonus during a Plan Year (the “Participation Criteria”). The Participation Criteria may differ from Participant to Participant and from bonus to bonus. The Participation Criteria for fiscal year 2021 is based on the Company achieving certain performance targets based on annual revenue, gross margin, operation expense and new business development. All of the Company’s executive officers are eligible to participate in the Annual Bonus Plan.

A copy of the Annual Bonus Plan is attached as Exhibit 10.4 hereto and is incorporated herein by reference to this Form 8-K.

(iii) On November 5, 2020, the Compensation Committee of the Board of the Company (the “Compensation Committee”) approved target cash bonuses under the Annual Bonus Plan for fiscal year 2021 (“2021 Bonus Grant”) to the following executive officers, which target bonus was calculated based on percentage of the executive’s current base salary:

Name	Position	Current Base Salary	Percentage of Salary	Target Cash Bonus
Ronald F. Dutt	Chief Executive Officer	\$ 250,000	50%	\$ 125,000
Charles Scheiwe	Chief Financial Officer	\$ 190,000	35%	\$ 66,500
Jonathan Berry	Chief Operating Officer	\$ 190,000	35%	\$ 66,500

Under the 2021 Bonus Grant, the Company’s executives are eligible to receive cash incentive bonus payments based on the target cash bonus amount and on the achievement of financial targets and corporate objectives as follows:

Achievements	Minimum	Target	Maximum
Bonus payments based on Target Cash Bonus Amount	70%	100%	150%

(iii) On November 5, 2020, the Compensation Committee approved the grant of RSUs under the 2014 Plan to certain employees of the Company or its subsidiary, Flux Power, Inc. The RSUs are subject to the terms and conditions provided in (i) the form of Restricted Stock Unit Award Agreement which is time based (“Time Based Awards”), and (ii) the form of Performance Restricted Stock Unit Award Agreement which is performance based (“Performance Based Awards”). In addition, the Compensation Committee approved the grant of one-time retention based RSUs pursuant to the form of the Restricted Stock Unit Award Agreement (“Retention Awards”).

The following executive officers and key employees of the Company were granted RSUs under the 2014 Plan in the amounts and according to the vesting schedule indicated below:

Time Based Awards:

Name	Position	No. of RSUs	Vesting Schedule
Ronald F. Dutt	Chief Executive Officer	6,607	Three Year Cliff
Charles Scheiwe	Chief Financial Officer	3,515	Three Year Cliff
Jonathan Berry	Chief Operating Officer	3,515	Three Year Cliff

Performance Based Awards:

Name	Position	No. of RSUs Maximum Grant	Vesting Schedule
Ronald F. Dutt	Chief Executive Officer	9,910	Up to one third will vest at the end of each fiscal year over a three year fiscal period upon meeting performance targets for each fiscal year*
Charles Scheiwe	Chief Financial Officer	5,272	Up to one third will vest at the end of each fiscal year over a three year fiscal period upon meeting performance targets for each fiscal year*
Jonathan Berry	Chief Operating Officer	5,272	Up to one third will vest at the end of each fiscal year over a three year fiscal period upon meeting performance targets for each fiscal year*

* The performance target for the RSU will be based on EBITDAS (earnings before interest expense (excluding interest income), taxes, depreciation, amortization and stock compensation expense in accordance with U.S. GAAP).

Retention Awards:

Name	Position	No. of RSUs	Vesting Schedule
Ronald F. Dutt	Chief Executive Officer	13,214	Three Year Cliff
Charles Scheiwe	Chief Financial Officer	7,030	Three Year Cliff
Jonathan Berry	Chief Operating Officer	7,030	Three Year Cliff

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	<u>Amendment No. 2. to the Flux Power Holdings Inc. 2014 Equity Incentive Plan</u>
10.2	<u>Form of Restricted Stock Unit Award Agreement</u>
10.3	<u>Form of Performance Restricted Stock Unit Award Agreement</u>
10.4	<u>Annual Cash Bonus Plan</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Flux Power Holdings, Inc.
a Nevada corporation

By: /s/ Ronald F. Dutt
Ronald F. Dutt, Chief Executive Officer

Dated: November 9, 2020

**AMENDMENT NO. 2 TO THE
FLUX POWER HOLDINGS, INC.
2014 EQUITY INCENTIVE PLAN**

THIS AMENDMENT No. 2 (this "Amendment") to the Flux Power Holdings, Inc. 2014 Equity Incentive Plan (as may be amended from time to time, the "Plan"), is dated November 5, 2020. Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Plan.

WHEREAS, Section 23 of the Plan allows the Board of Directors of Flux Power Holdings, Inc. (the "Company") to amend the Plan at any time and for any reason;

WHEREAS, the Plan allows for Restricted Stock Awards but was silent on whether restricted stock units can be granted under the Plan; and

WHEREAS, the Board of Directors of the Company finds it to be desirable and in the best interests of the Company and its shareholders to amend the Plan to allow for the grant of restricted stock units.

NOW, THEREFORE, the Plan is hereby amended, effective as of the date specified in the introductory clause:

1. Section 8 of the Plan shall be amended to add the following sentence:

"Unrestricted Stock Awards may be granted on a deferred basis pursuant to a Restricted Stock Units Award (as defined in Section 28)."

2. "Award" in Section 28 of the Plan is amended in its entirety to read as follows:

"Award" means, individually and collectively, any award under this Plan, including any Option, Restricted Stock Award, Restricted Stock Units Award, or Unrestricted Stock Award."

3. Section 28 of the Plan shall be amended to include the following definitions for "Restricted Unit Award" and "Retirement":

"Restricted Stock Units Award" shall mean a award to an Eligible Person of an unfunded unsecured promise to deliver Unrestricted Stock to such Eligible Person pursuant to the terms and conditions of the corresponding Restricted Stock Units Award Agreement." "Retirement" or "Retirement Eligible" shall mean that a Participant's age plus years of service with the Company equals or exceeds seventy five (75).

4. Except as expressly amended by this Amendment, all terms and conditions of the Plan shall remain in full force and effect. This Amendment shall be governed by and construed in accordance with the laws of the State of California, without giving effect to the principles of conflicts of laws.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has executed this Amendment No. 2 to the Flux Power Holdings, Inc. 2014 Equity Incentive Plan, as of the date first indicated above.

Flux Power Holdings, Inc.

By: */s/Ronald Dutt*

Ronald Dutt,
Chief Executive Officer

FLUX POWER HOLDINGS, INC.

RESTRICTED STOCK UNIT AWARD AGREEMENT UNDER THE
FLUX POWER HOLDINGS, INC. 2014 EQUITY INCENTIVE PLAN

TO:

To encourage your continued service as _____ of Flux Power Holdings, Inc. (the "Company") or its subsidiary, you have been granted this restricted stock unit award (the "Award") pursuant to the Company's 2014 Equity Incentive Plan (the "Plan"). The Award represents the right to receive shares of common stock (the "Shares"), par value \$0.001 per share, of the Company subject to the fulfillment of the vesting conditions set forth in this agreement (this "Agreement").

The terms of the Award are as set forth in this Agreement and in the Plan. The Plan is incorporated into this Agreement by reference, which means that this Agreement is limited by and subject to the express terms and provisions of the Plan. In the event of a conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control. Capitalized terms that are not defined in this Agreement have the meanings given to them in the Plan. The most important terms of the Award are summarized as follows:

1. Award Date:

2. Number of Restricted Stock Units Subject to this Award:

3. Vesting Commencement Date:

4. Vesting Schedule:

5. Conversion of Restricted Stock Units and Issuance of Shares. Upon vesting of the Award (each, a "Vest Date"), one Share shall be issuable for each restricted stock unit that vests on such Vest Date, subject to the terms and provisions of the Plan and this Agreement. Thereafter, the Company will transfer such Shares to you upon satisfaction of any required tax withholding obligations. No fractional shares shall be issued under this Agreement.

7. Termination of Service. The unvested portion of the Award will terminate automatically and be forfeited to the Company immediately and without further notice upon termination of your service to the Company for any reason (including as a result of death or disability). No Shares shall be issued or issuable with respect to any portion of the Award that terminates unvested and is forfeited.

8. Right to Shares. You shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Shares) issuable under the Award until the Award is settled by the issuance of such Shares to you.

9. Withholding of Taxes.

(a) Notwithstanding any contrary provision of this Agreement, no Shares will be issued to you, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by you with respect to the payment of income (including federal, state, foreign and local taxes), employment, social insurance, payroll tax, payment on account and other taxes which the Company determines must be withheld with respect to such Shares so issuable (the "Withholding Taxes"). You acknowledge that the ultimate liability for all Withholding Taxes legally due by you is and remains your responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Award, including the grant of the Award, the vesting of Award, the settlement of the Award in Shares or the receipt of an equivalent cash payment, the subsequent sale of any Shares acquired at vesting and the receipt of any dividends; and (ii) does not commit to structure the terms of the grant or any aspect of the Award to reduce or eliminate your liability for Withholding Taxes.

(b) To satisfy the Withholding Taxes, the Company may withhold otherwise deliverable Shares upon vesting of the Award, according to the vesting schedule, having a Fair Market Value (as defined in the Plan) equal to the minimum amount required to be withheld for the payment of the Withholding Taxes pursuant to such procedures as the Administrator may specify from time to time. The Company will not retain fractional Shares to satisfy any portion of the Withholding Taxes. If the Administrator determines that the withholding of whole Shares results in an over-withholding to meet the minimum tax withholding requirements, a reimbursement will be made to you as soon as administratively possible.

(c) If the Company does not withhold the Shares as described above, prior to the issuance of Shares upon vesting of the Award or the receipt of an equivalent cash payment, you shall pay, or make adequate arrangements satisfactory to the Company (in its sole discretion) to satisfy all withholding and payment on account obligations of the Company. In this regard, you authorize the Company to withhold all applicable Withholding Taxes legally payable by you from your wages or other cash compensation payable to you by the Company or from any equivalent cash payment received upon vesting of the Award. Alternatively, or in addition, if permissible under local and applicable law, you may instruct and authorize the Administrator to pay Withholding Taxes, in whole or in part, by one of the additional following alternatives:

(i) You providing irrevocable instructions to a Company-designated broker to deliver cash to the Company from your previously established account with such broker equal to the Withholding Taxes; or

(ii) You providing irrevocable instructions to a Company-designated broker to sell a sufficient number of Shares otherwise deliverable to you having a Fair Market Value equal to the Withholding Taxes provided that such sale does not violate Company policy or Applicable Laws.

(d) The Company may refuse to issue any Shares to you until you satisfy your Withholding Taxes. To the maximum extent permitted by law, the Company has the right to retain without notice from Shares issuable under the Award or from salary payable to you, Shares or cash having a value sufficient to satisfy the Withholding Taxes.

10. Restricted Shares. The Company will not be obligated to issue any Shares with respect to this Award unless such Shares are at that time effectively registered or exempt from registration under federal securities laws and the offer and sale of the Shares are otherwise in compliance with all applicable state securities laws.

11. Limitation on Rights; No Right to Future Grants; Extraordinary Item By entering into this Agreement and accepting the Award, you acknowledge that: (a) the Plan is discretionary and may be modified, suspended or terminated by the Company at any time as provided in the Plan; (b) the grant of the Award is a one-time benefit and does not create any contractual or other right to receive future grants of awards or benefits in lieu of awards; (c) all determinations with respect to any such future grants, including, but not limited to, the times when awards will be granted, the number of shares subject to each award, the award price, if any, and the time or times when each award will be settled, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) the value of the Award is an extraordinary item which is outside the scope of your service contract, if any; (f) the Award is not part of normal or expected compensation for any purpose, including without limitation for calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; (g) the future value of the Shares subject to the Award is unknown and cannot be predicted with certainty; (h) neither the Plan, the Award nor the issuance of the Shares confers upon you any right to continue in the service of (or any other relationship with) the Company, and (i) the grant of the Award will not be interpreted to form an employment relationship with the Company.

12. Compliance With Section 409A Of The Code. This Award is intended to be exempt from the application of Section 409A of the Internal Revenue Code (the "Code"), including but not limited to by reason of complying with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. If it is determined that the Award is deferred compensation subject to Section 409A and you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "Separation from Service" (as defined in Section 409A), then the issuance of any shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the Separation from Service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

13. Execution of Award Agreement. Please acknowledge your acceptance of the terms and conditions of the Award by signing the original of this Agreement and returning it to the Company.

Very truly yours,

Flux Power Holdings, Inc.

Ronald Dutt, Chief Executive Officer

ACCEPTANCE AND ACKNOWLEDGMENT

I, _____, accept the Restricted Stock Unit Award described in this Agreement and in the Plan, and acknowledge receipt of a copy of this Agreement and the Plan, and acknowledge that I have read them carefully and that I fully understand their contents.

Dated:

Name: _____

Address: _____

FLUX POWER HOLDINGS, INC.

PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT UNDER THE
FLUX POWER HOLDINGS, INC. 2014 EQUITY INCENTIVE PLAN

TO:

To encourage your continued service as _____ of Flux Power Holdings, Inc. (the "Company") or its subsidiary, you have been granted this Performance Restricted Stock Unit Award (the "Award") pursuant to the Company's 2014 Equity Incentive Plan (the "Plan"). The Award represents the right to receive shares of common stock (the "Shares"), par value \$0.001 per share, of the Company subject to the fulfillment of the vesting conditions set forth in this agreement (this "Agreement").

The terms of the Award are as set forth in this Agreement and in the Plan. The Plan is incorporated into this Agreement by reference, which means that this Agreement is limited by and subject to the express terms and provisions of the Plan. In the event of a conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control. Capitalized terms that are not defined in this Agreement have the meanings given to them in the Plan. The most important terms of the Award are summarized as follows:

1. Award Date:

2. RSUs Performance Period: The Company's three (3) fiscal years starting from July 1, 20XX through June 30, 20XX.

3. Number of Performance-Based Restricted Stock Units ("RSUs") Subject to this Award:

Maximum: _____ ("Maximum RSUs")

Target: _____ ("Target RSUs")

Floor: _____ ("Floor RSUs")

4. Target Performance Goal. The Target Performance Goal shall be based on the [_____] of the Company for each Fiscal Performance Period (as defined below) of the RSUs Performance Period. At or around the beginning of each Fiscal Performance Period, the Company will provide notice to you of the Target Performance Goal that applies to the current Fiscal Performance Period.

5. Vesting. Up to one third (1/3rd) of the Maximum RSUs will vest at the end of each fiscal year starting the fiscal year ending on June 30, 20XX and at the end of each fiscal year thereafter during the Performance Period (each a "Fiscal Performance Period") based on the Company's performance relative to the Target Performance Goal for the applicable Fiscal Performance Period (see Exhibit A).

6. Termination due to Death, Disability or Retirement. If Termination of your employment occurs prior to the end of any Fiscal Performance Period of the RSUs Performance Period by reason of your death, Disability, or your Retirement, then the Maximum RSUs for that Fiscal Performance Period shall be eligible for vesting at the end of such Fiscal Performance Period based on the Company's performance relative to the Target Performance Goal. For the purpose of this Agreement, "Retirement" shall mean the voluntary Termination by a Participant when such Participant's age plus years of service with the Company equals or exceeds seventy five (75).

7. Conversion of Restricted Stock Units and Issuance of Shares. Upon the Company's determination of the number of restricted stock units vesting following the end of each Fiscal Performance Period (each, a "Vesting Date"), each restricted stock unit that vests on such Vesting Date, shall be converted into one Share and thereafter, the Company will transfer such Shares to you upon satisfaction of any required tax withholding obligations. No fractional shares shall be issued under this Agreement.

8. Termination of Service. All restricted stock units that have not vested pursuant to the terms of this Award will terminate automatically and be forfeited to the Company immediately and without further notice upon termination of your service to the Company for any reason (except as a result of death, Disability, or Retirement). No Shares shall be issued or issuable with respect to any portion of the Award that terminates unvested and is forfeited.

9. Right to Shares. You shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Shares) issuable under the Award until the Award is settled by the issuance of such Shares to you.

10. Withholding of Taxes.

(a) Notwithstanding any contrary provision of this Agreement, no Shares will be issued to you, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by you with respect to the payment of income (including federal, state, foreign and local taxes), employment, social insurance, payroll tax, payment on account and other taxes which the Company determines must be withheld with respect to such Shares so issuable (the "Withholding Taxes"). You acknowledge that the ultimate liability for all Withholding Taxes legally due by you is and remains your responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Award, including the grant of the Award, the vesting of Award, the settlement of the Award in Shares or the receipt of an equivalent cash payment, the subsequent sale of any Shares acquired at vesting and the receipt of any dividends; and (ii) does not commit to structure the terms of the grant or any aspect of the Award to reduce or eliminate your liability for Withholding Taxes.

(b) To satisfy the Withholding Taxes, the Company may withhold otherwise deliverable Shares upon vesting of the Award, according to the vesting schedule, having a Fair Market Value (as defined in the Plan) equal to the minimum amount required to be withheld for the payment of the Withholding Taxes pursuant to such procedures as the Administrator may specify from time to time. The Company will not retain fractional Shares to satisfy any portion of the Withholding Taxes. If the Administrator determines that the withholding of whole Shares results in an over-withholding to meet the minimum tax withholding requirements, a reimbursement will be made to you as soon as administratively possible.

(c) If the Company does not withhold the Shares as described above, prior to the issuance of Shares upon vesting of the Award or the receipt of an equivalent cash payment, you shall pay, or make adequate arrangements satisfactory to the Company (in its sole discretion) to satisfy all withholding and payment on account obligations of the Company. In this regard, you authorize the Company to withhold all applicable Withholding Taxes legally payable by you from your wages or other cash compensation payable to you by the Company or from any equivalent cash payment received upon vesting of the Award. Alternatively, or in addition, if permissible under local and applicable law, you may instruct and authorize the Administrator to pay Withholding Taxes, in whole or in part, by one of the additional following alternatives:

(i) You providing irrevocable instructions to a Company-designated broker to deliver cash to the Company from your previously established account with such broker equal to the Withholding Taxes; or

(ii) You providing irrevocable instructions to a Company-designated broker to sell a sufficient number of Shares otherwise deliverable to you having a Fair Market Value equal to the Withholding Taxes provided that such sale does not violate Company policy or Applicable Laws.

(d) The Company may refuse to issue any Shares to you until you satisfy your Withholding Taxes. To the maximum extent permitted by law, the Company has the right to retain without notice from Shares issuable under the Award or from salary payable to you, Shares or cash having a value sufficient to satisfy the Withholding Taxes.

11. Restricted Shares. The Company will not be obligated to issue any Shares with respect to this Award unless such Shares are at that time effectively registered or exempt from registration under federal securities laws and the offer and sale of the Shares are otherwise in compliance with all applicable state securities laws.

12. Limitation on Rights; No Right to Future Grants; Extraordinary Item By entering into this Agreement and accepting the Award, you acknowledge that: (a) the Plan is discretionary and may be modified, suspended or terminated by the Company at any time as provided in the Plan; (b) the grant of the Award is a one-time benefit and does not create any contractual or other right to receive future grants of awards or benefits in lieu of awards; (c) all determinations with respect to any such future grants, including, but not limited to, the times when awards will be granted, the number of shares subject to each award, the award price, if any, and the time or times when each award will be settled, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) the value of the Award is an extraordinary item which is outside the scope of your service contract, if any; (f) the Award is not part of normal or expected compensation for any purpose, including without limitation for calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; (g) the future value of the Shares subject to the Award is unknown and cannot be predicted with certainty, (h) neither the Plan, the Award nor the issuance of the Shares confers upon you any right to continue in the service of (or any other relationship with) the Company, and (i) the grant of the Award will not be interpreted to form an employment relationship with the Company.

13. Compliance With Section 409A Of The Code. This Award is intended to be exempt from the application of Section 409A of the Internal Revenue Code (the "Code"), including but not limited to by reason of complying with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. If it is determined that the Award is deferred compensation subject to Section 409A and you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "Separation from Service" (as defined in Section 409A), then the issuance of any shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the Separation from Service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

14. Execution of Award Agreement. Please acknowledge your acceptance of the terms and conditions of the Award by signing the original of this Agreement and returning it to the Company.

Very truly yours,

Flux Power Holdings, Inc.

Ronald Dutt, Chief Executive Officer

ACCEPTANCE AND ACKNOWLEDGMENT

I, _____, accept the Restricted Stock Unit Award described in this Agreement and in the Plan, and acknowledge receipt of a copy of this Agreement and the Plan, and acknowledge that I have read them carefully and that I fully understand their contents.

Dated:

Name: _____

Address: _____

EXHIBIT A
PERFORMANCE CRITERIA

FLUX POWER HOLDINGS, INC.

ANNUAL CASH BONUS PLAN

(Adopted November 5, 2020)

1. **Background.** Your Board of Directors (“Board”) believes that the long-term success of Flux Power Holdings, Inc. (the “Company”) depends, in part, on its ability to recruit and retain outstanding individuals as employees and to furnish these employees maximum incentive to improve operations and increase profits. Your Board also believes it is important to align compensation of officers and eligible employees with the interests of the Company’s shareholders. In accordance with this belief, your Board, upon recommendation of the Compensation Committee (“Committee”) of the Board (comprised of independent outside directors), has unanimously adopted the Flux Power Holdings, Inc. Annual Cash Bonus Plan (the “Plan”). This Plan is effective for fiscal year 2021 and each fiscal year thereafter (“Plan Year”).

2. **Goal.** The goal of the Plan is to link an employee’s compensation to the financial success of the Company. The intent is to encourage participants to think, act and be rewarded like owners, and to seek out and undertake initiatives that continuously improve the performance of the Company.

3. **Eligibility.** Executive officers and all employees (other than part-time employees and temporary employees) are eligible to participate in the Plan (“Participants”).

In order to be eligible to participate in the Plan for a Plan Year, an employee (including executive officers) must be an active regular employee of the Company for its subsidiary whose Employment Start Date (as defined below) is June 30 of the Plan Year or earlier. Employees who are not expressly classified by the Company or its subsidiary as “regular” employees, such as temporary or contract employees and interns, are not eligible to be Participants. For the purpose of this Plan, “Employment Start Date” means the first business day on which a Participant is an active regular employee of the Company or its subsidiary.

In order to be eligible to receive a cash incentive (“Bonus”) for a Plan Year, a Participant must (i) continue to be an active regular employee of the Company or its subsidiary in good standing from the date his/her participation in the Plan commences for the Plan Year until the date the Bonus is paid for the Plan Year (except as provided in Paragraph 8), and (ii) act in accordance with the Company’s Code of Conduct, compliance policies and procedures, and those of the Participant’s employer, and applicable laws and regulations during the Plan Year.

4. **Bonus Pool.** For each Plan Year, the Committee, in its sole discretion, will establish an aggregate amount of allocable Bonus under the Plan (“Bonus Pool”) which may be established before, during or after the applicable Plan Year. Bonuses will be allocated from the Bonus Pool.

5. **Performance Criteria.** The Committee will, in its sole discretion, determine the performance goals applicable to a bonus during a Plan Year (“Performance Criteria”). The Performance Criteria may be on the basis of any such factors the Committee determines relevant, and may be on an individual, divisional, business unit or Company-wide basis. Performance Criteria may be measured over the period of time determined by the Committee in its sole discretion. The Performance Criteria may differ from Participant to Participant and from Bonus to Bonus. Failure to meet the Performance Criteria will result in a failure to earn the Bonus, except as otherwise determined by the Committee. As determined by the Committee, the Performance Criteria may be based on GAAP or non-GAAP results and any actual results may be adjusted by the Committee for one-time items, unbudgeted or unexpected items, acquisition-related activities or changes in applicable accounting rules when determining whether the Performance Criteria have been met, and any such adjustments shall not be deemed adverse to any Participant. It is within the sole discretion of the Committee to make or not make any such equitable adjustments.

6. **Administration.** For a particular Plan Year, the Committee must approve the Targets, performance measure computation adjustments, and any other conditions within the Relevant Time Period. At the end of each Plan Year, but before Plan incentives may be paid, the Committee must certify in writing that Targets and other conditions have been satisfied. The Committee does not have the discretion to increase the amount of any Bonus under this Plan for the Executive Officers. The Board may amend or terminate the Plan effective for future fiscal years.

7. **Bonus Payments.** Each Bonus will be paid in cash in a single lump sum, unless otherwise determined by the Committee. The Bonus target is the percentage of Base Salary (as defined below) to be paid out at 100% achievement of the applicable Performance Criteria. Bonuses may be weighted based on individual performance and Company performance. Bonuses can provide for payout above target for performance in excess of the applicable Performance Criteria or below target for performance below the applicable Performance Criteria. "Base Salary" means with respect to each Participant eligible for a Bonus, the amount of base salary or base fees actually earned and paid to the Participant during the applicable Eligibility Period, excluding (i) bonuses, commissions, overtime premium, or the value of any equity securities, or any employee benefits or other compensation paid to the Participant (e.g., 401(k) plan employer match), and (ii) any compensation paid to the Participant in respect of any inactive employment by the Company (e.g., a leave of absence from the Company).

8. **Time of Payment.** Any Bonus payment shall be made in the first quarter of the fiscal year following the fiscal year in which the applicable bonus is earned (but no later than September 15 of the year following the year in which the applicable Bonus is earned). If a Participant's employment is terminated before a scheduled Bonus payment date, the former employee will not be entitled to receive that Bonus payment or any subsequent bonus payment, unless the Participant's termination was caused by death, or permanent disability, in which case, that Participant (or estate, in the event of the Participant's death) will be entitled to receive all bonus payments for the previous Plan Year on the scheduled payment date.

9. **Restriction on Payments.** Notwithstanding anything to the contrary set forth herein, no Bonus payment shall be made to any Participant if such payments would result in the Company's breach of or default under any terms of loan agreement, credit agreement, promissory note, bond or debenture to which the Company or its subsidiary thereof is a party.

10. **Repayment, Forfeiture.** After the Committee certifies that Targets and other conditions have been satisfied as described above, no adjustments will be made to reflect any subsequent change in accounting, the effect of federal, state or municipal taxes later assessed or determined, or otherwise. Notwithstanding the foregoing, the Company reserves the right to, and in appropriate cases, will seek recovery of all or any portion of Bonus payments made if (i) the amount of the Bonus payment was calculated based upon the achievement of certain financial results that were subsequently the subject of a restatement of all or a portion of the Company's financial statements; (ii) the Participant engaged in intentional misconduct that caused or partially caused the need for such a restatement; and (iii) the amount of the Bonus payment that would have been awarded to a Participant would have been lower than the amount actually awarded had the financial results been properly reported. Further, the Company is not limited in its power to take other actions as it deems necessary to remedy the misconduct, prevent its recurrence and, if appropriate, based on all relevant facts and circumstances, punish the wrongdoer in a manner it deems appropriate.

11. **Participant's Liability.** The Company's liability for the payment of benefits shall be defined only by the Plan. The Company shall have no obligation to a Participant under the Plan except as expressly provided in the Plan.

12. **Nonassignability.** A Participant shall have no right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment (except to the extent the Company may be required to garnish amounts from payments due under the Plan pursuant to applicable law) or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

13. **Not a Contract of Employment.** The terms and conditions of the Plan shall not be deemed to constitute a contract of employment or continued engagement between the Company or its subsidiary and the Participant. Nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Company or its subsidiary or to interfere with the right of the Company or its subsidiary to discipline or discharge the Participant at any time for any or no reason, with or without notice (subject to applicable law). The Participant's employment (if applicable) with the Company or its subsidiary remains at will (subject to applicable law).

14. **Withholding of Taxes.** Bonus payments will be subject to income and employment tax withholdings as required by applicable law.

15. **Section 409A.** To the extent any payment under the Plan may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for another exemption from Section 409A. To the extent that any provision of the Plan is ambiguous as to its exemption from or compliance with Section 409A, the provision will be read in such a manner that the applicable payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. Each Participant acknowledges and agrees that the Company and its subsidiary make no representations with respect to the application of Code Section 409A to any Cash incentive and other tax consequences to any payments under the Plan and, by the acceptance of any Cash incentive, the Participant agrees to accept the potential application of Code Section 409A and the other tax consequences of any payments made pursuant to the Plan.

16. **Terms.** Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

17. **Captions.** The captions of the articles, sections and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

18. **Governing Law.** The provisions of the Plan shall be construed and interpreted according to the laws of the State of California without regard to its conflicts of laws principles.

19. **Successors.** The provisions of the Plan shall bind and inure to the benefit of the Company, all Participants, and their successors in interest.

20. **Validity.** In case any provision of the Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

21. **Beneficiary Designations.** If permitted by the Committee, a Participant under the Plan may name a beneficiary or beneficiaries to whom any earned but unpaid award will be paid in the event of the Participant's death. Each such designation will revoke all prior designations by the Participant and will be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, any vested benefits remaining unpaid at the Participant's death will be paid to the Participant's estate.