

**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): February 10, 2022

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 2.02 Results of Operations and Financial Condition.

On February 10, 2022, the Company issued a press release announcing, among other things, limited financial and operational information for its second fiscal quarter ended December 31, 2021. In addition, on February 10, 2022, the Company held a press release to discuss such results. The full text of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K. The projections constituting the performance estimates included in the release involve risks and uncertainties, the outcome of which cannot be foreseen at this time and, therefore, actual results may vary materially from these forecasts. In this regard, see the information included in the release under the caption "Forward-Looking Statements."

Item 7.01 Regulation FD Disclosure.

The information under Item 2.02 above is incorporated herein by reference.

The Company hereby furnishes a set of presentation slides ("Presentation") the Company will present to analysts and investors on or after February 10, 2022. The Presentation is attached hereto as Exhibit 99.2 to this Current Report and will be available on the Company's website

The information reported under Items 2.02 and 7.01 in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, is being "furnished" and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

Exhibit Index

<u>Exhibit</u>	<u>Exhibit Description</u>
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99.1	Press Release dated February 10, 2022
99.2	Flux Power Holdings, Inc. Presentation dated February 10, 2022
104	Cover Page Interactive Data File (formatted as Inline XBRL)

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: February 10, 2022



Flux Power Reports Fiscal Second Quarter 2022 Financial Results

Second Quarter 2022 Revenue Increased 19% to \$7.7 Million Representing 14th Consecutive Quarter of Year-Over-Year Revenue Growth

Received \$19.8 Million in New Purchase Orders During Second Quarter with Customer Order Backlog at Record \$31.4 Million

Initiated New Strategic Initiatives to Mitigate Global Supply Chain Disruptions & Increase Profitability Across the Portfolio

Management to Host Conference Call Today at 4:30 p.m. Eastern Time

VISTA, Calif.—February 10, 2022 — Flux Power Holdings, Inc. (NASDAQ: FLUX), a developer of advanced lithium-ion energy storage solutions for electrification of industrial and commercial sectors has reported its financial and operational results for the fiscal second quarter ended December 31, 2021.

Key Financial & Operational Highlights for the Second Quarter Fiscal Year 2022

- Revenue increased 19% to \$7.7 million in Q2'22 compared to Q2'21 revenue of \$6.5 million.
- Achieved 14th consecutive quarter of year-over-year revenue growth.
- Received \$19.8 million in customer purchase orders from both existing and new customers. Utilized \$14 million capital raised in September 2021 to pre-purchase inventory to protect growing deliveries to key customers.
- Customer order backlog increased to \$31.4 million as of December 31, 2021.
- Initiated Strategic Supply Chain & Profitability Improvement Initiatives to accelerate the path to cash flow breakeven, including:
 - Commenced production process improvements to increase capacity, and added an additional production line;
 - Introduced new product design features expected to reduce cost, simplify the bill of materials, and improve serviceability;

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- Transitioned product lines to a new cell technology, resulting in lower cost and improved supplier reliability;
- Implemented price increases on certain product lines to mitigate the impact of rising input costs;
- Increased inventory to \$19.6 million at December 31, 2021 to mitigate the impact of supply chain disruptions and to support timely deliveries.
- Cash and cash equivalents were \$7.9 million at December 31, 2021. The working capital line of credit outstanding balance was \$3.5 million at December 31, 2021.

CEO Commentary

“While the second quarter of fiscal 2022 was a challenging one for the company in light of continued global supply chain disruptions, we experienced record customer demand as evidenced by \$19.8 million in purchase orders received from new and existing customers,” said Ron Dutt, Chief Executive Officer of Flux Power. “The Company also commenced strategic initiatives to mitigate the impact of ongoing global supply chain disruptions and to increase profitability. Our near-term goal is the timely shipment of our record backlog of \$31.4 million.

“Our strategic initiatives encompass new product designs, production process improvements and better supply chain management. Moreover, improvements made to our product portfolio and to our processes should enable us to increase our production capacity, weather the current and future supply chain disruptions and to build a stronger company.

“Looking ahead, in addition to expanding sales of our energy storage solutions to new and existing customers, we are providing stationary energy storage solutions to Beam Global for their solar-powered EV charging stations. Also, we are continuing deployment of our SkyBMS Telematics product for remote fleet management and monitoring. I am happy to report that customer feedback for both of these initiatives has been positive.

“In summary, we believe Flux Power is well-positioned to participate in the growing demand for lithium-ion energy storage solutions among both small and large companies alike as they appreciate and respond to the negative consequences of carbon emissions and the benefits that lithium-ion technology and electrification can provide as a cost effective and environmentally friendly alternative. I look forward to sharing more on our achievements in the upcoming investor and analyst conferences and facility tours at our HQ in Vista, California,” stated Dutt.

Second Quarter Fiscal Year 2022 Financial Results

- Revenue for the fiscal second quarter of 2022 increased by 19% to \$7.7 million compared to \$6.5 million in the fiscal second quarter of 2021, driven by sales of energy storage solutions with higher selling prices although lower unit volume of products sold.
- Gross profit for the fiscal second quarter of 2022 decreased by 30% to \$1.0 million compared to a gross profit of \$1.5 million in the fiscal second quarter of 2021, primarily attributable to higher costs for steel, electronic components, and other parts during the quarter and partially offset by increased gross profit from higher sales of energy storage solutions. Gross margin was 14% in the fiscal second quarter of 2022 as compared to 23.0% in the fiscal second quarter of 2021.

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- Selling & Administrative expenses increased to \$4.0 million in the fiscal second quarter of 2022 from \$3.1 million in the same fiscal period of 2021, reflecting increases in outbound shipping costs, personnel related expenses, insurance premiums, and sales & marketing expenses.
- Research & Development expenses increased to \$2.1 million in the fiscal second quarter of 2022, compared to \$1.6 million in the fiscal second quarter of 2021, primarily due to new product development activities.
- Net Loss for the fiscal second quarter of 2022 increased to \$5.1 million from a net loss of \$3.4 million in the fiscal second quarter of 2021, principally reflecting increased operating expenses and decreased gross profit, partially offset by a decrease in interest expense.
- Cash was \$7.9 million at December 31, 2021, as compared to \$4.7 million at June 30, 2021. Our working capital line of credit outstanding balance was \$3.5 million at December 31, 2021. Cash requirements during the quarter were high to support pre-purchasing of increasing sales orders.

Management Commentary

“Although customer demand was strong during the second quarter, our profitability was negatively impacted by continued disruption in our supply chain. We experienced higher costs to obtain key components of our energy solutions and delays in the receipt of such parts which led to manufacturing and shipping delays. To address the unprecedented level of supply chain uncertainty, we elected to build inventory levels of key component parts. This combination of factors increased our operating expenses and reduced gross profit.”

“Cash usage in the second quarter of 2022 was also elevated due to global supply chain disruptions leading to high levels of inventory as well as new strategic initiatives that include new product designs, production facility improvements and better supply chain management. We ended the second quarter with \$7.9 million in cash, and \$19.6 million in product inventory. Our goal is to monetize our existing backlog of \$31.4 million in the months ahead and improve our working capital and cash flow needs.”

Second Quarter Fiscal Year 2022 Results Conference Call

Flux Power CEO Ron Dutt and CFO Chuck Scheiwe will host the conference call, followed by a question-and-answer session. The conference call will be accompanied by a presentation, which can be viewed during the webcast or accessed via the investor relations section of the Company’s website here.

To access the call, please use the following information:

Date:	Thursday, February 10, 2022
Time:	4:30 p.m. Eastern Time, 1:30 p.m. Pacific Time
Toll-free dial-in number:	1-877-407-4018
International dial-in number:	1-201-689-8471
Conference ID:	13726247

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact MZ Group at 1-949-491-8235.

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The conference call will be broadcast live and available for replay at https://viaid.webcasts.com/starthere.jsp?ei=1523649&tp_key=a303c51997 and via the investor relations section of the Company’s website

A replay of the webcast will be available after 7:30 p.m. Eastern Time through May 10, 2022.

Toll-free replay number:	1-844-512-2921
International replay number:	1-412-317-6671
Replay ID:	13726247

About Flux Power Holdings, Inc.

Flux Power (NASDAQ: FLUX) designs, manufactures, and sells advanced lithium-ion energy storage electrification solutions for 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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FLUX POWER HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2021	June 30, 2021
	(Unaudited)	
ASSETS		
Current assets:		
Cash	\$ 7,855,000	\$ 4,713,000
Accounts receivable	5,184,000	6,097,000
Inventories, net	19,583,000	10,513,000
Other current assets	868,000	417,000
Total current assets	33,490,000	21,740,000
Right of use asset	2,821,000	3,035,000
Property, plant and equipment, net	1,627,000	1,356,000
Other assets	89,000	131,000
Total assets	<u>\$ 38,027,000</u>	<u>\$ 26,262,000</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,239,000	\$ 7,175,000
Accrued expenses	2,233,000	2,583,000
Line of credit	3,500,000	-
Deferred revenue	140,000	24,000
Customer deposits	-	171,000
Office lease payable, current portion	469,000	435,000
Accrued interest	3,000	2,000
Total current liabilities	15,584,000	10,390,000
Office lease payable, less current portion	2,621,000	2,866,000
Total liabilities	18,205,000	13,256,000
Stockholders' equity:		
Preferred stock, \$0.001 par value; 500,000 shares authorized; none issued and outstanding	-	-
Common stock, \$0.001 par value; 30,000,000 shares authorized; 15,987,502 and 13,652,164 shares issued and outstanding at December 31, 2021 and June 30, 2021, respectively	16,000	14,000
Additional paid-in capital	95,217,000	79,197,000
Accumulated deficit	(75,411,000)	(66,205,000)
Total stockholders' equity	19,822,000	13,006,000
Total liabilities and stockholders' equity	<u>\$ 38,027,000</u>	<u>\$ 26,262,000</u>

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FLUX POWER HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

Three Months Ended December 31,

**Six Months Ended
December 31,**

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues	\$ 7,690,000	\$ 6,469,000	\$ 13,961,000	\$ 10,968,000
Cost of sales	<u>6,648,000</u>	<u>4,980,000</u>	<u>11,581,000</u>	<u>8,606,000</u>
Gross profit	<u>1,042,000</u>	<u>1,489,000</u>	<u>2,380,000</u>	<u>2,362,000</u>
Operating expenses:				
Selling and administrative	4,000,000	3,135,000	7,498,000	6,055,000
Research and development	<u>2,088,000</u>	<u>1,594,000</u>	<u>4,055,000</u>	<u>3,101,000</u>
Total operating expenses	<u>6,088,000</u>	<u>4,729,000</u>	<u>11,553,000</u>	<u>9,156,000</u>
Operating loss	(5,046,000)	(3,240,000)	(9,173,000)	(6,794,000)
Interest expense	<u>(31,000)</u>	<u>(124,000)</u>	<u>(34,000)</u>	<u>(554,000)</u>
Net loss	<u>\$ (5,077,000)</u>	<u>\$ (3,364,000)</u>	<u>\$ (9,207,000)</u>	<u>\$ (7,348,000)</u>
Net loss per share - basic and diluted	<u>\$ (0.32)</u>	<u>\$ (0.29)</u>	<u>\$ (0.62)</u>	<u>\$ (0.69)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>15,987,502</u>	<u>11,633,793</u>	<u>14,895,989</u>	<u>10,647,181</u>



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.

The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its business, financial condition and results of operations. Also, these forward-looking statements represent the Company's estimates and assumptions only as of the date of this presentation. The Company assumes no obligation to update any forward-looking statements after the date of this presentation.

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.

In addition, projections, assumptions and estimates of its future performance and the future performance of the industries in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause results to differ materially from those expressed in the estimates made by independent parties and by the Company. For more information, please refer to risk factors discussed in Company's periodic filings with the SEC.

Key Second Quarter 2022 Highlights

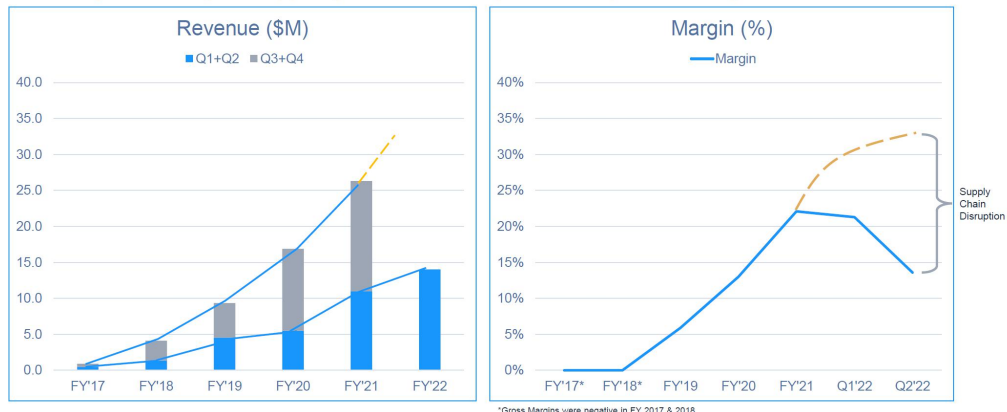
- Revenue increased 19% to \$7.7 million compared to Q2'21 revenue of \$6.5 million
- Achieved 14th consecutive quarter of year-over-year revenue growth
- Received \$19.8 million in customer purchase orders from existing Fortune 500 and new customers including:
 - Multiple orders for X-Series battery packs from a global consumer appliance manufacturer;
 - New order for GSE battery packs for an additional large domestic airline; and
 - Multiple orders for C-Series battery packs from our solar-powered EV charging station partner, Beam Global
- Increased customer order backlog to a record \$31.4 million as of December 31, 2021
- Appointed Cheemin Bo-Linn to Board of Directors

Unprecedented Level of Supply Chain Uncertainty in 2021

- COVID and supply chain disruptions caused production delays and increased working capital; Global parts shortages increased through the year and remain in 2022
- Responses of our suppliers and our staff have been working hard to mitigate
- Our \$14 million capital raise in September was useful in pre-purchasing inventory to support to increased customer orders, in response to part shortages
- The pressure points of 2021 are elevating our processes and execution to support our growth

Supply delays and price increases impact shipments and GM

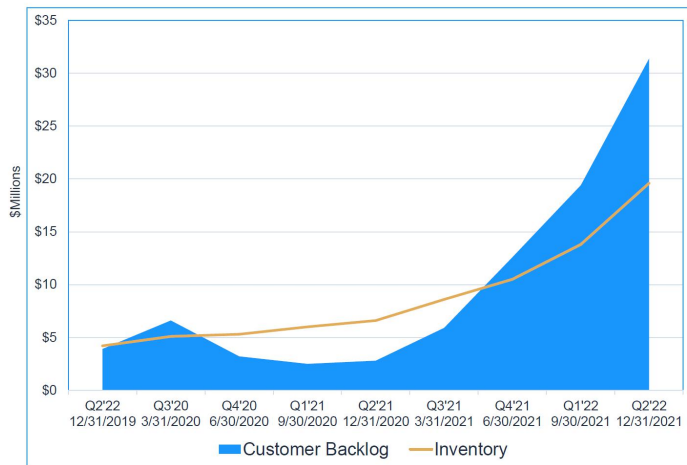
- Planned actions to restore trajectories
- Adding new battery cell supplier (lower cost, better performance) in 2021 delayed some GM actions



Trajectory to cash flow breakeven

- Improve supply chain efficiency, supplier management, better accountability, alternate suppliers
- Restructure order to purchasing to build methodologies and tracking
- Aggressive supplier selection and accountability
- Avoid excess inventory from better alignment of sales orders to purchasing
- Pricing recovery actions
- Design cost actions to lower material cost and assembly

Customer Backlog & Inventory



- Customer backlog reached a record \$31.4 million as of December 31, 2021
- Launched lean manufacturing and added 2nd shift to increase production
- Inventory increased to \$19.6 million at December 31, 2021, reflecting production delays from parts shortages

Second Quarter 2022 Financial Highlights

FLUX
POWER

\$ in millions	Three Months Ended December 31	
	2021	2020
Revenue	\$ 7.7	\$ 6.5
Gross profit	\$ 1.0	\$ 1.5
Gross margin (%)	13.6%	23.0%
SG&A expenses	\$ 4.0	\$ 3.1
R&D expenses	\$ 2.1	\$ 1.6
Cash	\$ 7.9	\$ 4.7

Closing Summary

- 1 Strategic initiatives to increase profitability and mitigate ongoing global supply chain disruptions
- 2 Execute on record \$31.4 million customer order backlog to generate cash receipts
- 3 Continued increase in both customer demand and related production capacity increases
- 4 Expansion into emerging sectors such as stationary energy storage and high voltage applications
- 5 Trajectory to cash flow breakeven

Q&A

FLUX
POWER



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