

## ***“Disrupting a Multi-Billion \$ Material Handling Sector”***



# Safe Harbor Language

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# Who is Flux Power?

- Designer, developer, manufacturer, and seller of lithium-ion battery packs that replace inefficient and environmentally undesirable lead-acid packs in industrial equipment
- Unique modular design and proprietary software lends itself to tremendous flexibility
- Investment and engineering talent have yielded unique lithium-ion solutions that offer compelling economic advantages as well as environmental benefits
- Over 5 years of relationship building has positioned Flux Power for significant revenue growth and margin improvement in 2021-2022
- Relocated this past year to 64,000 sq ft facility with production capacity for \$100M revenue annually



Flux Power LiFT Pack



ISO 9001 Certified Assembly  
Facility in Vista, CA

# Flux Power in the Current Environment

## Enabling the paradigm shift to an electrified world for material handling

- Decade of experience in design and packaging lithium-ion battery packs for motive applications
- Products available for Class 1, 2, and 3 forklifts, airport ground support equipment (GSE), and natural product line extensions including solar energy storage for electric vehicle (EV) charging and warehouse robotics

## Early Stages of Multi-Billion Dollar Market Opportunity

- Technology and economic advantages open a \$2.5B dollar North American market\*
- Lithium-ion value proposition: lower total cost of ownership via better performance, longer life, greater energy efficiency and no water maintenance versus legacy lead acid batteries

## Market Validation with Fortune 500 Customers

- UL Listing & OEM approvals provide validation of performance and safety
- Fortune 500 early adopters purchasing Flux Power LiFT Packs include: PepsiCo, Frito-Lay, Mondelez, Caterpillar and Delta Air Lines

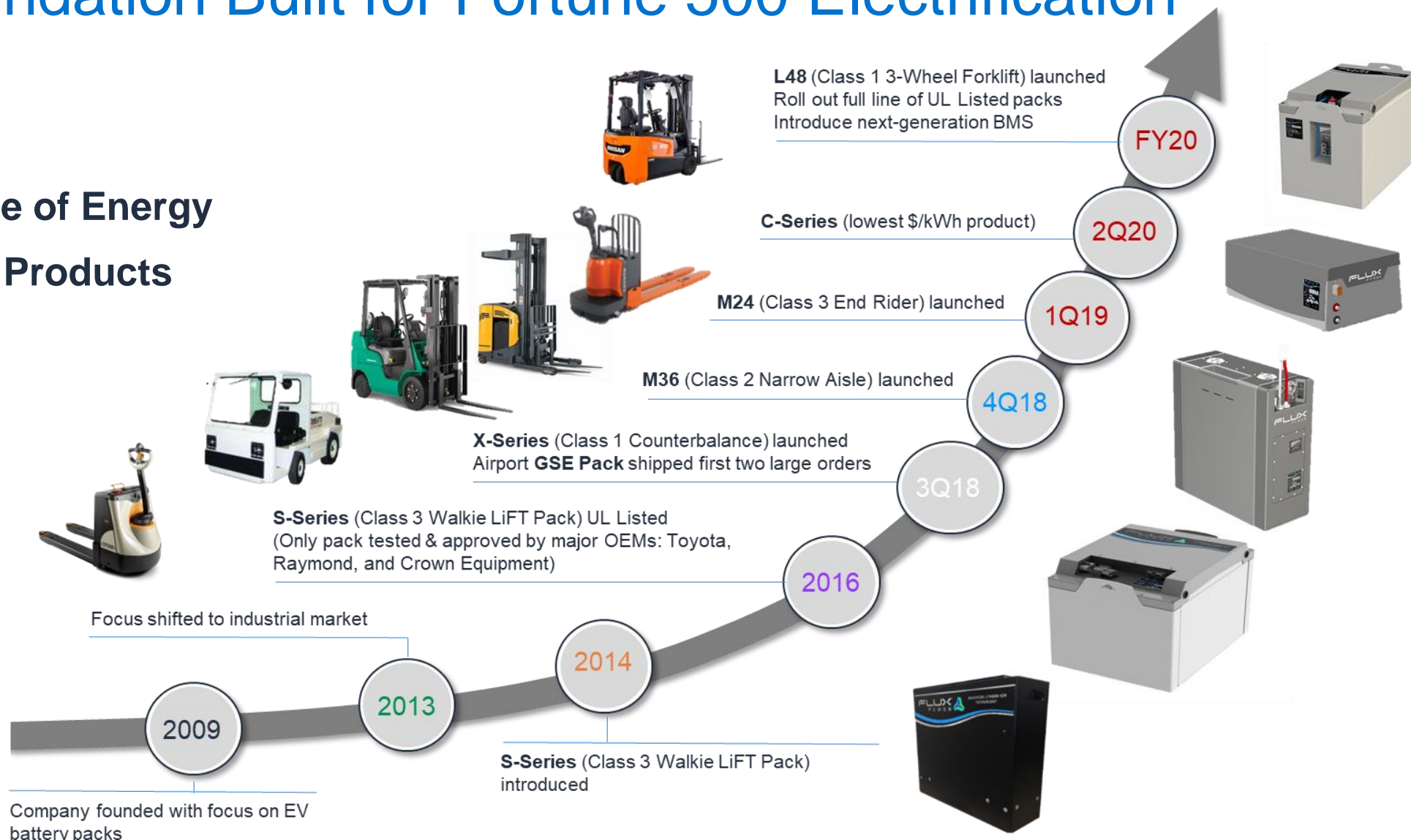
## High Growth with Margins Expanding

- Ramping production & sales – FY'19 (June YE) revenue grew 130% to \$9.3M; FY'20 revenue grew more than 80% to ~\$16.8M; rapid growth anticipated to continue with impact of full product line rollout and high sector growth
- Expect continued gross margin expansion through continued focus on volume purchasing, cost downs, design optimizations, sourcing changes, and manufacturing efficiencies post launch of new product lines
- Expanded facility to 64,000 sq. ft. to support up to \$100M of annual production

*\*Company estimates based on Industrial Truck Association (ITA), Sept 2019 Annual Publication; comparisons reflect feedback from customers*

# A Foundation Built for Fortune 500 Electrification

## Full Suite of Energy Storage Products



# Competing Power Sources for Equipment

- **Lithium-ion**

- High volume, multi-shift applications
- Five competitors of comparable revenue
  - Only one has UL Listings and one other has private label with OEM
- Flux Power was the first mover in the motive lift space and has over 7,000 packs in the field

- **Lead Acid**

- Low purchase price; single shift; low usage
- Requires regular water maintenance
- Requires monthly lead acid reporting by government

- **IC: Propane**

- Higher maintenance cost; emissions preclude certain industries
- Sustainability issues

- **Fuel Cell**

- High capital investment; tailored for 5-minute charging; special handling and maintenance required for hydrogen; requires lithium for use
- Caters to companies like Amazon and Walmart having 7X24 high volume with 200 or more forklifts on site



# Large Addressable Market

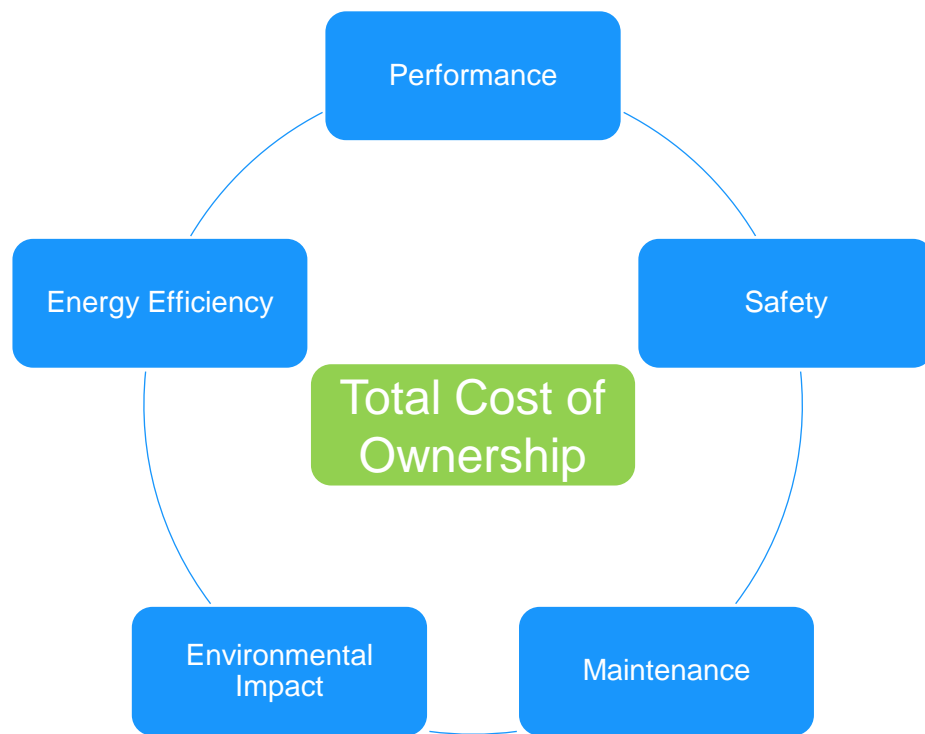
- The Industrial Truck Association (ITA) estimates that ~260,000 lift trucks were sold in North America in 2018
- \$2.5B addressable annual market for electric trucks; 40% of forklift sector is internal combustion (primarily propane)
- Sales are building for fleets converting from propane (IC) to lithium-ion to address environment and maintenance issues
- We believe lithium-ion currently has 2% market share
- Flux Power LiFT Packs “drop-in and play” easily with most forklifts for lead acid replacement business

Forklift Type	Class	Description	
<b>Electric Trucks</b>	Class 1	Sit-on / Counterbalance	Sector focus
	Class 2	Narrow Aisle	
	Class 3	Walkie Pallet	
	Class 3	End Riders / Center Riders	
<b>Internal Combustion (IC) Trucks</b>	Class 4	IC, Solid Tires	Potential conversion
	Class 5	IC, Pneumatic Tires	
<b>Tractors / Rough Terrain Trucks</b>	Class 6	Electric and IC Tractor / Trailers	
	Class 7	Rough Terrain Forklift Trucks	

\*OSHA Classifications  
IC includes: propane, gasoline, diesel,



# Customers Want Lower Cost and Higher Performance



**Flux Power LiFT Packs eliminate forklift operation pain points, with lower total cost of ownership**

\* Lithium-ion has 7-year life, Argonne National Labs Study

\*\* Lithium chemistry wastes less energy per Battery University

\*\*\* Requires no water maintenance

Attribute	Lead Acid Batteries	Flux Power Lithium-Ion "LiFT Packs"
Performance	Power & runtime Limitations	Run longer shifts, maintain power
Lifespan *	Shorter cycle life	5 – 10 year warranties
Efficiency **	Less efficient energy storage	More efficient energy usage than lead acid
Maintenance ***	Must water; requires multiple packs/truck	Single pack/truck, opportunity charge
Environmental	Acid; produces offgasses during charge	Environmentally sealed for life, no risk of spills
Cost	Lower initial purchase cost	Lower total cost of ownership



# 5-Year Cost Savings: Lithium-ion vs Lead Acid

Battery Costs	Lead-Acid	M-Series	Net Savings
Price per Battery	\$ 4,000	\$ 12,000	
Expected lifetime (years)	6	10	
Batteries per unit	2	1	
Total batteries in 5 years	1.7	0.5	
Number of Trucks in fleet	10	10	
<b>Total 5-Year Battery Cost</b>	<b>\$ 66,667</b>	<b>\$ 60,000</b>	<b>\$ 6,667</b>
Operating Costs			
Watering System Cost	\$ 300	\$ -	
H <sub>2</sub> O Maintenance (mins/wk/bat)	2	0	
H <sub>2</sub> O Maintenance Rate (\$/Hr)	\$ 60	\$ -	
Staff Labor Rate (\$/ Per Hour)	\$ 20	\$ -	
Change-out time (mins)	5	0	
Change outs/week/truck	7	0	
Total Staff Labor-hrs/week	6	0	
<b>Total 5-Year Operation</b>	<b>\$ 36,167</b>	<b>\$ -</b>	<b>\$ 36,167</b>
Energy Savings			
Energy Cost (kWh)	\$0.14		
Efficiency Gain	40%		
Battery Voltage (V)	36		
Battery Capacity (Ah)	400		
8 hour shifts per week	14		
<b>Total 5-Year Cost</b>	<b>\$ 51,368</b>	<b>\$ 30,821</b>	<b>\$ 20,547</b>
Metric Tons of CO <sub>2</sub> Saved:			109
Warehouse Space			
Cost per square foot per month	\$0.30		
Square footage saved	800		
<b>Total 5-Year Cost</b>	<b>\$ 14,400</b>	<b>\$ -</b>	<b>\$ 14,400</b>
<b>5-Year Total</b>	<b>\$ 168,601</b>	<b>\$ 90,821</b>	<b>\$ 77,780</b>
<b>Annualized Total</b>	<b>\$ 33,720</b>	<b>\$ 18,164</b>	<b>\$ 15,556</b>

“End Rider Fleet” (10 units):

- Battery savings \$6,667
- Operating savings \$36,167
- Energy savings \$20,547
- Warehouse space \$14,400
- 5-Year Total Savings **\$77,780**

Percent Savings vs Lead Acid **46%**

Environmental Impact:

- 109 tons of CO<sub>2</sub> Saved
- No EPA monthly lead acid reporting
- No acid spills in warehouse

# Fortune 100 Manufacturing Company ROI

Battery Costs	Lead-Acid	L/X-Series	Net Savings
Price per Battery	\$ 6,500	\$ 22,000	
Expected lifetime (years)	5	7	
Batteries per unit	3	1	
Total batteries in 5 years	3.0	0.7	
Number of Trucks in fleet	80	80	
Total 5-Year Battery Cost	\$ 1,560,000	\$ 1,257,143	\$ 302,857
Operating Costs			
Watering System Cost	\$ 300	\$ -	
H <sub>2</sub> O Maintenance (mins/wk/bat)	11	0	
H <sub>2</sub> O Maintenance Rate (\$/Hr)	\$ 60	\$ -	
Staff Labor Rate (\$/ Per Hour)	\$ 35	\$ -	
Change-out time (mins)	22	0	
Change outs/week/truck	21	0	
Total Staff Labor-hrs/week	616	0	
Total 5-Year Operation	\$ 5,843,100	\$ -	\$ 5,843,100
Energy Savings			
Energy Cost (kWh)	\$0.08		
Efficiency Gain	50%		
Battery Voltage (V)	36		
Battery Capacity (Ah)	600		
8 hour shifts per week	19		
Total 5-Year Cost	\$ 478,034	\$ 239,017	\$ 239,017
Metric Tons of CO <sub>2</sub> Saved:			2,223
Warehouse Space			
Cost per square foot per month	\$0.30		
Square footage saved	0		
Total 5-Year Cost	\$ -	\$ -	\$ -
5-Year Total	\$ 7,881,134	\$ 1,496,160	\$ 6,384,974
Annualized Total	\$ 1,576,227	\$ 299,232	\$ 1,276,995

## Class I Forklifts (80 units)















- Battery savings \$0.3M
- Operating savings \$5.8M
- Energy savings \$0.2M
- 5-Year Total Savings **\$6.3M**

Percent Savings vs Lead Acid **81%**

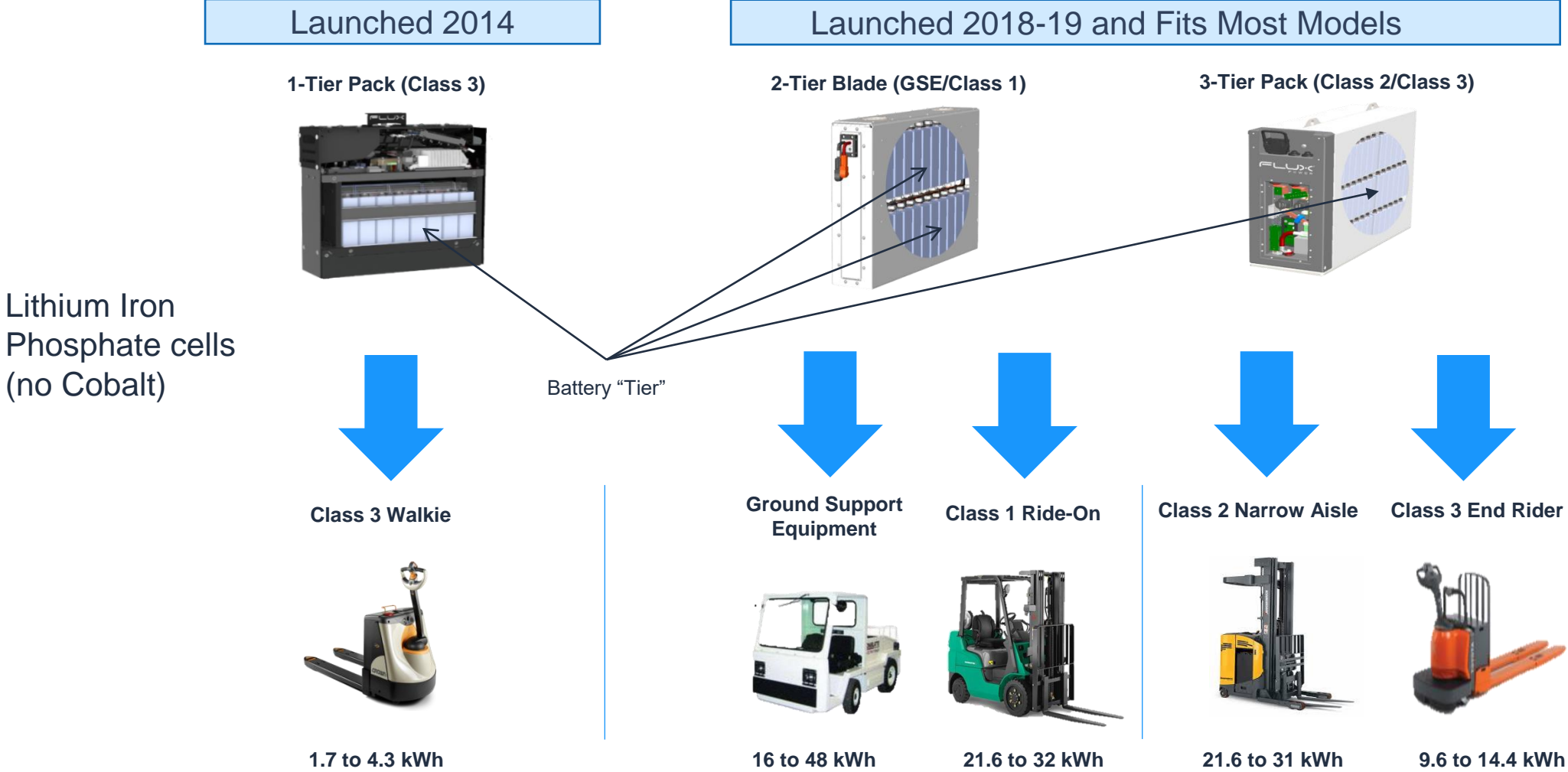
## Environmental Impact

- 2,000+ tons of CO<sub>2</sub> Saved
- No EPA monthly lead acid reporting
- No acid spills in warehouse

# Full Product Line for Large Fleets

Equipment		Flux Power Product		Description
			<b>S8 &amp; S24 LiFT Pack</b>	High volume workhorse
			<b>M24 LiFT Pack</b>	Market volume similar to Walkies 4X energy of Walkie
			<b>M36 LiFT Pack</b>	Narrow Aisle, High Growth 10X energy of Walkie
			<b>L48 LiFT Pack</b>	8X energy of Walkie
			<b>X-Series LiFT Pack</b>	12X energy of Walkie
			<b>GSE Pack</b>	Modular design similar to Class 1 14X energy of Walkie
Other Industrial Applications	<b>Solar Storage, AGV, etc.</b>		<b>C-Series</b>	Lowest \$/kWh product 2-6X energy of Walkie

# Modular Designs Enable Nimble Product Development



# SkyBMS Telematics: Transforming Warehouse Management

## Access to Fleet Management and Diagnostics Anywhere



- Powerful reporting suite by battery / fleet / customer
- Built on AWS backbone - facilitates massive data expansion
- Custom alerts tailored for End User, Dealer, or Flux Power support personnel
- Able to push “Hot Updates” in real time
- Foundation in place for Lease and “kWaas” (power as a service) sales models



Fleet Dashboard



Weekly / Monthly Report



Battery 'Deep Dive'

# Airport Ground Support Equipment (GSE)

- **GSE battery packs utilize the same modular design as our large products and represents a natural product extension to forklift applications**
- **Recent industry trends:**
  - Recent increase of “Green Initiatives” at airports favors a lithium solution
  - Delta Airlines announced \$1B spend to become carbon neutral in 10 years
  - Despite COVID-19 related slowdown with airlines, airline cargo demand and GSE equipment OEMs continue pacing
- **Sales are getting traction:**
  - Major US-based global airline: Buying regular tranches of packs beginning in 2018; has reputation for leader in adopting new technology
  - Initial work and sales with GSE OEMs for install on cargo loaders, baggage loaders, and belt loaders for their new equipment sales
  - Have completed initial successful trials with other major US airlines (at LAX, Charlotte, Atlanta, Houston, and Seattle), along with initial sales to global GSE service provider





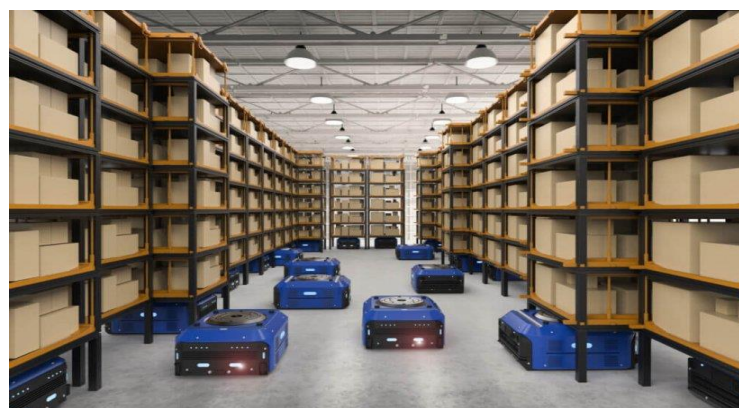
# Emerging New Products

- **Solar Energy Storage**

- Initial sales, partnering with OEM “Envision Solar International” (Symbol: EVSI), to supply our lithium-ion packs for their solar EV charging stations
- Our solar energy storage product is a natural product extension
- Utilizes our modular design adapted for form and power requirements

- **Warehouse Robotic Solutions**

- Recent initial sales for rapidly growing warehouse robotics
- Also a natural product extension of our modular design



# R&D and Manufacturing

- **Proprietary designs including battery management system and telemetry**
  - Advanced features and capabilities have evolved from 6 years of material handling customer experience
  - Five innovative features of our next generation BMS currently in patent process
    - State of the art data collection, analysis and custom reporting
    - Adaptable to many product lines and industry applications
    - Enables telemetry capability
- **Designed to meet UL Listed certifications**
  - Third party validation of highest safety and durability standards; result of significant investment
  - Flux Power is expected to have complete forklift product lineup with UL certification by Dec 2020
  - UL testing and certification is expected to ensure all operational modes are addressed for safety and durability
- **ISO 9001 Certified and \$100M Production Capacity**
  - Established process infrastructure to achieve consistent high levels of reliability and quality, including repeatable, reliable processes subject to annual certification
  - 3 assembly lines capable of \$100M of annual production, launched June 2019



# Broad Sectors and Customers Being Served

## Beverage



pepsi



## Food



## Distribution



## Manufacturing



## Retail/Grocery



## Airport GSE



# Multiple Sales Channels

## OEMs

- Have sold to a majority of the top 10 forklift OEMs
- Private label with a top five global OEM
- Formal Supply Agreements with three Fortune 500 OEMs

## Equipment Dealers

- Nationwide relationships with both OEM-affiliated & independent equipment dealers

## Battery Distributors

- Utilize regional Battery Distributors for sales and service

## End Users

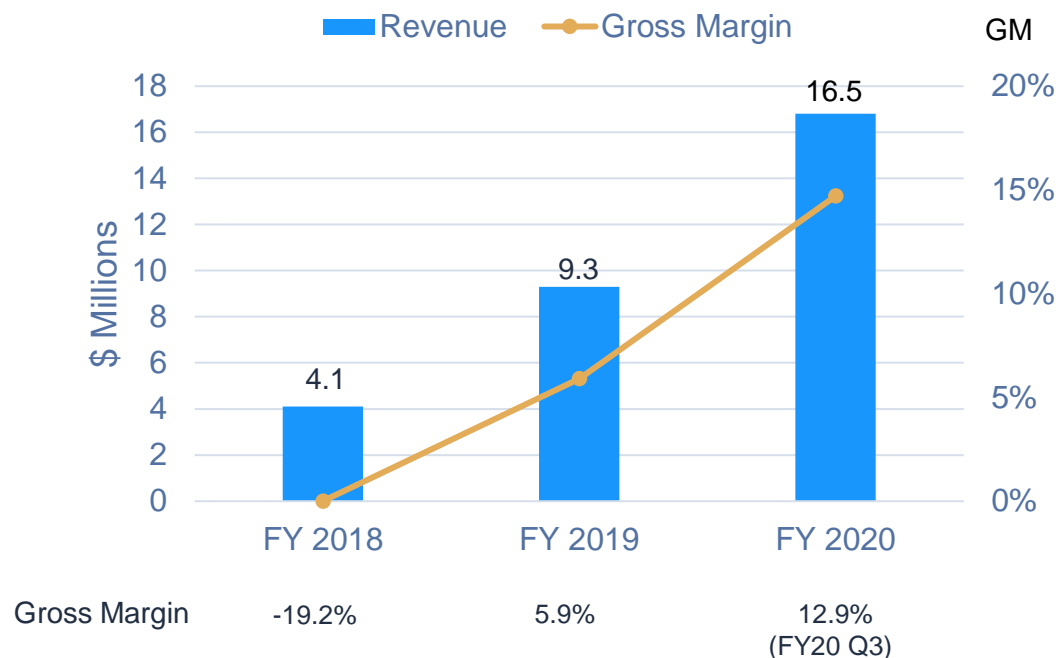
- Direct sales to large End Users
- Fortune 50 company – Global Supply Agreement

# Private Label Program with Large OEM

- OEM has given validation and support of Flux Power products and service
- Flux Power Walkie Pack is provided as a “private label” under OEM brand; launched April 2019
- Currently near completion developing a follow-on proprietary model for OEM new Class 3 forklift
- Flux Power will continue to serve all major lift equipment makes

# Strong Revenue Growth

## Fiscal Year Revenue & GM (June 30)



- Continued revenue trajectory despite COVID-19
- Gross Margin expansion tracking to improvement plan

Income Statement				
For the Fiscal Period Ending (\$ Millions)	FQ4/CQ2 Jun 30, 2019	FQ1/CQ3 Sep 30, 2019	FQ2/CQ4 Dec 31, 2019	FQ3/CQ1 Mar 31, 2020
<b>Total Revenue</b>	<b>3.0</b>	<b>1.9</b>	<b>3.6</b>	<b>5.1</b>
Cost Of Goods Sold	2.8	1.8	3.3	4.4
<b>Gross Profit</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>	<b>0.6</b>
<b>Gross Profit %</b>	<b>6.7%</b>	<b>6.1%</b>	<b>9.0%</b>	<b>12.8%</b>
Selling General & Admin	2.2	2.2	2.2	2.6
R&D Exp	1.2	1.4	1.0	1.5
<b>Other Operating Exp., Total</b>	<b>3.4</b>	<b>3.6</b>	<b>3.3</b>	<b>4.1</b>
<b>Operating Income</b>	<b>-3.2</b>	<b>-3.5</b>	<b>-2.9</b>	<b>-3.5</b>
<b>Net Interest Exp.</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-0.5</b>
<b>Net Income</b>	<b>-3.4</b>	<b>-3.8</b>	<b>-3.3</b>	<b>-4.0</b>



# Gross Margin Expansion in Progress

Initiatives for gross margin improvement	Explanation
Next-Gen Battery Management System (BMS)	Consolidates PCBs; modular design to accommodate large packs
Cell sourcing & purchasing improvements	New cell supplier has automated factory for better quality & cost
Volume & sourcing efficiencies	Higher purchasing will lower unit costs
Assembly efficiencies & utilization	Continuous improvement of production line efficiencies
Unit pricing from new features/options	Adds: heater options, telemetry options, weight, dimensions
Achieve most of goal within 12 months	All initiatives now underway

*Note: Currently have progression of improving gross margin with long-term goal > 30%*

# Strengthened Capital Structure

	FY 2020	Impact of Recent PIPE and Debt Conversion		
	Qtr 3	Change		Comment
	(\$000)	(\$000)		
<b>Assets</b>				
Cash	106	<u>4,300</u>	➡	PIPE raise closed July 24, 2020
Accts Rec	2,710			
Inventory	5,139			
Other Current	916			
Other LT	<u>2,894</u>			
<b>Total Assets</b>	<u><u>11,765</u></u>			
<b>Liabilities</b>				
Accts Payable	4,141			
Other current	2,076			
Other LT	4,853			
LOC debt	<u>13,455</u>	<u>(8,300)</u>	➡	Debt conversion closed June 30 and July 24
<b>Total Liab.</b>	<b>24,525</b>			
<b>Equity</b>	<u>(12,760)</u>	<u>12,600</u>	➡	<u>Increased Equity</u>
<b>Total Liab &amp; Eq.</b>	<u><u>11,765</u></u>			

# Flux Power Financial Snapshot (Nasdaq: FLUX)

Closing Price (8/21/20):	\$5.11
52 Week Range	\$3.80 – \$15.00
Shares Out	11.4M
Revenue FY20 Q3-to-date	\$10.6M
Backlog as of August 21, 2020	\$4.3M
Borrowing on Inventory Lines of Credit *	\$6.1 M
FY 2019 Revenue (6/30/19 FY)	\$9.3M

*\*\$Short-term notes. No long-term debt.*

# Leadership Team



## **Ron Dutt: CEO, Director**

*Leadership at DHL, Ford Motor Company, Visa, Directed Electronics and SOLA Int'l. Led companies from early stage to >\$1B rev.*



## **Chuck Scheiwe: CFO**

*Led accounting and financial planning operations of diverse companies, Senstay Repton & Teletrac and GreatCall, from startup stage to high growth*



## **Jon Berry: COO**

*Senior roles at Alstom Transport, PACCAR UK, Clean Air Power and Pilkington Aerospace.*

- Certified first tilting train for passenger operation in UK
- Supplied Alt fuel components direct to Volvo trucks Sweden assembly line.



## **Tod Kilgore: Director of Sales**

*Led sales organization at Samina Corporation, Accurate Solutions, Amistar Manufacturing and Marshall Industries.*



## **Paulus Geantil: CTO**

*Expert in embedded systems, electrical design, robotics, & system integration and has patents across various technologies.*



## **Tim Vaughan: Director of Engineering**

*Experienced automation and process improvement Engineer, including medical and aerospace industries with John Deere & Veridiam.*

# Summary

## Lithium technology enables transformational industrial change

- Cleaner than traditional technologies and enables fleet electrification
- Coupled with on-board processors enables intelligent fleet control (telemetry)
- Lithium cells are technically accepted, and widely produced to exceptional quality

## Lithium-ion battery packs solve major productivity, cost, and environmental problems

- Longer battery life; no performance degradation; faster charge times
- Higher energy efficiency
- No maintenance; no acid spills; no off-gassing during charging; no products of combustion

## Flux Power is leading the adoption of lithium-ion battery packs

- A solid foundation: full product line, scalable production, and customer satisfaction
- Our modular designs adapt easily for solar backup and robotic applications
- Product & management team vetted by global OEMs and fleet operators
- Implementation of gross margin expansion plan and fixed cost reduction / containment program
- Expanding OEM relationships with pending supply agreement with top ten global forklift OEM

Thank you!



64,000 sq. ft. facility in Vista, CA



UN 38.3  
Certified

