REFINITIV

DELTA REPORT

10-K

FLUX - FLUX POWER HOLDINGS, INC.

10-K - JUNE 30, 2023 COMPARED TO 10-K - JUNE 30, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	2120
CHANGES	272
DELETIONS	1008
ADDITIONS	840

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

FORM 10-K

☐ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2022 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-31543

FLUX POWER HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Nevada	**86-093133292-3550089**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
2685 S. Melrose Drive, Vista, California	**92081**
(Address of principal executive offices)	(Zip Code)

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

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

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered	
Common Stock, par value $0.001 per share	FLUX	FLUX	NASDAQ Capital Stock Market

Securities registered pursuant to Section 12(g) of the Act**: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
(Do not check if a smaller reporting company)			
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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☐

The aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant as of December 31, 2021 December 31, 2022 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $48,910,000 45,717,000.

As of September 12, 2022 September 8, 2023, there were 15,998,336 16,478,237 shares of registrant's common stock outstanding.

Documents incorporated by reference: None.

FLUX POWER HOLDINGS, INC.

FORM 10-K ANNUAL REPORT
For the Fiscal Year Ended June 30, 2022June 30, 2023

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. The forward-looking statements are contained principally in the sections entitled “Description of Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, the factors described in the section captioned “Risk Factors” below. In some cases, you can identify forward-looking statements by terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “would,” and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. You should read these factors and the other cautionary statements made in this report and in the documents we incorporate by reference into this report as being applicable to all related forward-looking statements wherever they appear in this report or the documents we incorporate by reference into this report. If one or more of these factors materialize, or if any underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from any future results, performance or achievements expressed or implied by these forward-looking statements.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements include, among other things, statements relating to:

- our ability to secure sufficient funding to support our current and proposed operations, which could be more difficult in light of the negative impact of the COVID-19 pandemic on our operations, customer demand and supply chain as well as investor sentiment regarding our industry and our stock; operations;

- our ability to manage our working capital requirements efficiently;

- our ability to obtain the necessary funds from our credit facilities;

- our ability to obtain raw materials and other supplies for our products at existing or competitive prices and on a timely basis, particularly in light of the impact of COVID-19 pandemic on our suppliers and supply chain; basis;

- our anticipated growth strategies and our ability to manage the expansion of our business operations effectively;

- our ability to maintain or increase our market share in the competitive markets in which we do business;

- our ability to grow our revenue, increase our gross profit margin and become a profitable business;

- our ability to fulfill our backlog of open sales orders due to delays in the receipt of key component parts and other potential manufacturing disruptions posed by the ongoing COVID-19 pandemic and supply chain disruption; disruptions;

- our ability to keep up with rapidly changing technologies and evolving industry standards, including our ability to achieve technological advances;

- our dependence on the growth in demand for our products;

- our ability to compete with larger companies with far greater resources than us;

- our ability to shift to new suppliers and incorporate new components into our products in a manner that is not disruptive to our business;

- our ability to obtain and maintain UL Listings and OEM approvals for our energy storage solutions;

- our ability to diversify our product offerings and capture new market opportunities;

- our ability to source our needs for skilled labor, machinery, parts, and raw materials economically;

- our ability to retain key members of our senior management;
- our ability to continue to operate safely and effectively during the COVID-19 pandemic; and

- our dependence on our major customers.

Also, forward-looking statements represent our estimates and assumptions only as of the date of this report. You should read this report and the documents that we reference, and file as exhibits to this report completely and with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

Use of Certain Defined Terms

Except where the context otherwise requires and for the purposes of this report only:

- the "Company," "Flux," "we," "us," and "our" refer to the combined business of Flux Power Holdings, Inc., a Nevada corporation and its wholly owned subsidiary, Flux Power, Inc., a California corporation ("Flux Power");

- "Exchange Act" refers the Securities Exchange Act of 1934, as amended;

- "SEC" refers to the Securities and Exchange Commission; and

- "Securities Act" refers to the Securities Act of 1933, as amended.

PART I

ITEM 1 – BUSINESS

Overview

We design, develop, manufacture, and sell a portfolio of advanced lithium-ion energy storage solutions for electrification of a range of industrial commercial sectors which include material handling, airport ground support equipment ("GSE"), and other commercial and industrial applications. We believe our mobile and stationary energy storage solutions provide our customers a reliable, high performing, cost effective, and more environmentally friendly alternative as compared to traditional lead acid and propane-based solutions. Our modular and scalable design allows different configurations of lithium-ion battery packs to be paired with our proprietary wireless battery management system to provide the level of energy storage required and "state of the art" real time monitoring of pack performance. We believe that the increasing demand for lithium-ion battery packs and more environmentally friendly energy storage solutions in the material handling sector should continue to drive our revenue growth.

Our Strategy

Our long-term strategy is to meet the rapidly growing demand for lithium-ion energy solutions and to be the supplier of choice, targeting large companies having demanding energy storage needs. We have established selling relationships equipment OEMs and customers with large fleets of forklifts and GSEs. We intend to reach this goal by investing in research and development to expand our product mix, by expanding our sales and marketing efforts, improving our customer support efforts and continuing our efforts to increase production capacity and efficiencies. Our research and development efforts will continue to focus on providing adaptable, reliable and cost-effective energy storage solutions for our customers.

Our largest sector of penetration thus far has been the material handling sector which we believe is a multi-billion dollar multi-billion-dollar addressable market. We believe the sector will provide us with an opportunity to grow our business as we enhance our product mix and service levels and grow our sales to large fleets of forklifts and GSEs. Applications of our modular packs for other industrial and commercial uses, such as solar energy storage, are providing additional current growth and further opportunities. We intend to continue to expand our supply chain and customer partnerships and seek further partnerships and/or acquisitions that provide synergy to meeting our growth and "building scale" objectives.

Supply Chain Issues and Higher Procurement Costs

Due to Disruptions from the COVID-19 pandemic over the past several years have largely abated. We addressed supply chain disruptions continue, notably challenges with delivery improved vendor selection, and improved supply chain internal practices. However, we have experienced shipment delays at the ports of Los Angeles and Long Beach. In addition, the price of steel and certain other electrical components used in our products battery packs for some forklift models that have experienced production delays. We have seen dramatic increases, along with increased shipping costs. It is impossible to predict how long the current disruptions to the cost and availability of raw materials and component parts will last. We implemented price increases on certain new product orders recent improvements in October 2021 and April 2022 to offset rising global costs of raw materials and component parts. In addition, we increased our inventory of raw materials and component parts to $16.3 million as of June 30, 2022 to mitigate supply chain disruptions and support timely deliveries. shipment timing. However, there can be no assurance that our price increases, inventory levels or any future steps we take will be sufficient to offset the rising procurement costs and manage sourcing of raw materials and component parts effectively.

To address some of these negative consequences and to support the future growth of our business, we have implemented a number of new strategic initiatives:

Strategic Initiatives. Initiatives

To support the continued growth of our high growth business and long-term strategy, our first highest priority over in the coming quarters is achieving will be to achieve "profitability," specifically, cash flow breakeven. Accordingly, we have strategic will continue to pursue supply chain improvements, gross margin expansion initiatives, underway in two areas: and cost reductions. In addition, we are focusing on business expansion to accelerate gross margins by:

- **Gross margin improvements**
- Utilize lower cost, more reliable, and secondary suppliers of key components including cells, steel, electronics, circuit boards and other key components.
- Actively manage our suppliers to avoid supply chain disruptions and related risks.
- Introduce new designs, including a simplified "platform" that reduces part count, lowers cost, improves manufacturability and serviceability.
- Focus on ensuring profitability of all product lines including managing mix of products.
- Seek more competitive carriers to reduce shipping costs.
- Implement Lean Manufacturing process to enhance capacity utilization, efficiency, quality.
- Introduce comprehensive "cost of quality" initiative to ensure effective and robust processes.
- Implement "automated cell module assembly" to assemble purchased "individual" battery cells into a "module" for the battery pack. This will enable lower inventory from simplified SKU count and lower costs.

- **Business expansion to accelerate gross margin**

- Leverage current high-profile "proven customer relationships" to respond to growing demand of large fleets for lithium-ion value proposition.
- Pursue new market that can leverage our technology and manufacturing capabilities.
- Expand features of our popular "SkyBMS" (telemetry) which provides customized fleet management, and real time reports.
- Expand our manufacturing and service capacities to ensure customer satisfaction from increased deliveries, and service.
- Capitalize on our leadership position with new offerings.
- While we are "agnostic to the type of lithium chemistry," ensure our research to support other chemistries as they may become available. Ensure we have leadership with our core technology, without dependence on purchasing critical technology.

There can be no assurance that these initiatives and efforts will be successful.

Recent Developments

On July 28, 2023, we entered into a certain Loan and Security Agreement (the "Agreement") with Gibraltar Business Capital, LLC, a Delaware limited liability company ("GBC"). The Agreement provides the Company with a senior secured revolving loan facility (the "GBC Credit Facility") for up to $15.0 million (the "Revolving Loan Commitment"). The revolving amount available under the GBC Credit Facility is equal to the lesser of the Revolving Loan Commitment and the borrowing base amount (as defined in the Agreement). The GBC Credit Facility is evidenced by a revolving note, which matures on July 28, 2025 (the "Maturity Date"), unless extended, modified or renewed (the "Revolving Note"). Provided that there is no event of default, the Maturity Date can automatically be extended for one (1) year period upon payment of a renewal fee for each such extension in the amount of three-quarters of one percent (0.75%) of the Revolving Loan Commitment, which fee will be due and payable on or before the applicable Maturity Date. In addition, subject to conditions and terms set forth in the Agreement, the Company may request an increase in the Revolving Loan Commitment from time to time upon not less than 30 days' notice to GBC which increase may be made at the sole discretion of GBC, as long as: (a) the requested increase is in a minimum amount of $1,000,000, and (b) the total increases do not exceed $5,000,000 and no more than five (5) increases are made. Outstanding principal under the GBC Credit Facility accrues interest at Secured Overnight Financing Rate ("SOFR", as defined in the Agreement) plus five and one half of one percent (5.50%) per annum with such interest payment is due monthly on the last day of the month. In the event of default, the amounts due under the Agreement bears interest at a rate per annum equal to three percent (3.0%) above the rate that is otherwise applicable to such amounts. We paid GBC a non-refundable closing fee for the GBC Credit Facility of $112,500 upon the execution of the Agreement. In addition, we are required to pay a monthly unused line fee equal to one-half of one percent (0.50%) per annum on the difference between the Revolving Loan Commitment and the average outstanding principal balance of the revolving loan(s) for such month. The obligations under the GBC Credit Facility may be prepaid in whole or in part at any time upon an exit fee of (a) two percent (2.00%) of the Revolving Loan Commitment if the obligations are paid in full during the first year after the closing date, or (b) one percent (1.00%) of the Revolving Loan Commitment if the obligations are paid in full one year after the closing date, provided, that, the exit fee will be waived if such prepayment occurs in connection with the refinancing of the obligations with Bank of America, N.A., as lender.

The loans and other obligations of the Company under the GBC Credit Facility are secured by substantially all of the tangible and intangible assets of the Company (including, without limitation, intellectual property) pursuant to the terms of the Agreement and the Intellectual Property Security Agreement entered into by and among the Company and GBC on July 28, 2023.

In connection with the entry into the Agreement and the repayment in full of the principal amount outstanding under SVB Credit Facility together with total accrued and unpaid interest and related fees with a portion of the funds from the GBC Credit Facility on July 28, 2023, we terminated the Loan and Security Agreement, dated as of November 9, 2020, as amended, by and among SVB and the Company.

DESCRIPTION OF OUR BUSINESS

Our Business

We have leveraged our experience in lithium-ion technology to design and develop a portfolio of industrial and commercial energy storage packs that we believe provide attractive solutions to customers seeking an alternative to lead acid and propane-based power products. We believe that the following attributes are significant contributors to our success:

Engineering and integration experience in lithium-ion for motive applications: Our engineers design, develop, test, and service our advanced lithium-ion energy storage solutions. We have been developing lithium-ion applications for the advanced energy storage market since 2010, starting with products for automotive electric vehicle manufacturers. We believe our engineering experience enables us to develop competitive solutions that meet our customers' needs currently and in the foreseeable future.

UL Listing: We launched our Class 3 Walkie Pallet Pack product line in 2014 and obtained Our goal is to obtain a UL Listing for all three different power configurations. We have also obtained UL Listing for of our Class 1 Packs, our Class 2 Packs, and our Class 3 End Rider. In addition, we have recently completed the process for obtaining UL Listings for our newest source of battery cells. We believe this UL Listing provides us a significant competitive advantage and provides assurance to customers that our technology has been rigorously tested by an independent third party and determined to be safe, durable and reliable.

Original equipment manufacturer (OEM) approvals: Many of our energy storage packs have been tested and approved for use by Toyota Material Handling USA, Inc., Crown Equipment Corporation, and The Raymond Corporation, among the top global lift truck manufacturers by revenue according to Material Handling & Logistics. We also provide a "private label" Class 3 Walkie Pallet Pack to a major forklift OEM.

Broad product offering and scalable design: We offer energy storage packs for use in a variety of industrial motive applications. We believe that our modular and scalable design enables us to optimize design, inventory, and part count to accommodate natural product extensions of our products to meet customer requirements. We have leveraged our Class 3 Walkie Pallet Pack design to develop larger energy storage packs for larger forklifts, GSE Packs, and other industrial equipment applications. Natural product extensions, based on our modular, scalable designs, include solar backup power for electric vehicle ("EV") mobile charging stations and robotic warehouse equipment.

Significant advantages over lead acid and propane-based solutions: We believe that lithium-ion battery systems have significant advantages over existing technologies and will displace lead acid batteries and propane-based solutions, in most applications. Relative to lead acid batteries, such advantages include environmental benefits, no water maintenance, faster charge times, greater cycle life, longer run times, and less energy used that provide operational and financial benefits to customers. When compared to lead acid solutions, our energy storage solutions do not discharge carbon dioxide in the atmosphere due to lithium chemistry efficiencies. In addition, when compared to propane-based solutions, lithium-ion systems avoid the generation of exhaust emissions and associated odor and environmental contaminates, and maintenance of an internal combustion engine, which has substantially more parts subject to wear than an electric motor.

Proprietary Battery Management System: Critical to our success is our innovative and proprietary versatile BMS that optimizes the performance of our lithium-ion energy solutions and provides a platform for adding new battery pack features, including customized telemetry (pack data and reports available anytime, anywhere) for customers. The BMS serves as the brain of the battery pack, managing cell balancing, charging, discharging, monitoring and communication between the pack and the forklift. Our "next generation" versatile BMS is currently part of our full product lines and provides significant product features for improved customer productivity. Our BMS also enables ongoing feature development for reduced cost and higher performance. We have included our proprietary telemetry solution, branded "SkyBMS" which provides real time reports on pack performance, health, and remaining useful life.

Our Products

We design, develop, test and sell our energy storage packs for use in a broad range of lift trucks, industrial equipment including airport GSE, energy storage for solar applications, and other commercial applications. Within each of these product segments, we offer a range of power and equipment solutions. Our current product offering is summarized in the chart below.

Our battery pack system design is adaptable with three core design modules used in our entire family of small, medium, and large pack forklift products. A scalable modular design allows for core modules to be configured to address a variety of unique power and space requirements. We also have the capability to offer varying chemistries and configurations based on the specific application. Currently, our energy storage packs use lithium iron phosphate (LiFePO4) battery cells, which we source from a variety of overseas suppliers that meet our power, reliability, safety and other specifications. Our BMS works with a number of several battery configurations providing the flexibility to use battery cells developed and manufactured by other suppliers. We believe we can readily adapt our energy storage packs to incorporate new chemistries as they become available in the future in order to meet changing customer preferences and to reduce the cost of our products.

We also offer 24-volt onboard chargers for our Class 3 Walkie Pallet Packs, and smart "wall mounted" chargers for larger applications. Our smart charging solutions are designed to interface with our BMS and integrate easily into most all major chargers in the market.

New Product Update

During the second half of the Fiscal 2022, 2023, we introduced new product designs to respond to customer requests and to allow for greater operational efficiencies for us. Some of the improvements included higher capacities for extra-long and demanding shifts, easier servicing, cost efficiencies, and other features to solve a variety of existing performance challenges of customer operations. We intend to continue to develop and to introduce new product designs for margin enhancement, part commonality and improved serviceability.

In March 2022, Fiscal 2023, we introduced three (3) the next generation of Material Handling and GSE products, the G2 line. These seven new products:products greatly extend the reach of Flux packs in the Class 1 and 2 forklift market as well as enhancing our offerings for aircraft ground support equipment. Ranging from 36 to 80 volts and capacities between 210 and 840 amp-hours, the G2 systems deliver power and versatility.

	Product		Description
	L36 lithium-ion battery pack, a 36-volt option for 3-wheel forklifts;		The L36 addresses the 3-wheel forklift market. According to our OEM partners the 3-wheel forklift offerings are some of their best selling products. We are now strategically placed to fully address this market.
	C48 lithium-ion battery pack for Automated Guided Vehicles (AGV) and Autonomous Mobile Robots (AMR); and		The improved robustness and environmental protections mean it is no longer just a solar battery, but is now being sold into tugs and other types of industrial equipment, expanding our product offerings.
	S24 lithium-ion battery pack providing twice the capacity (210Ah) for Walkie Pallet Jacks for heavy duty		The S24-210Ah is a new high-capacity variant of our 'slim' walkie battery and addresses some of the toughest walkie applications in the market, giving exceptional runtime and fast recharge times when paired with an external high-powered charger.

Industry Overview

Historically, lithium-ion battery solutions were unable to compete with lead acid and propane-based solutions in industrial applications on the basis of cost. However, the supply of lithium-ion batteries has rapidly expanded, leading to price declines of eighty-five percent (85%) since 2010 according to BloombergNEF. BloombergNEF also estimates that lithium-ion battery prices, which averaged $1,160 per kilowatt hour in 2010, were $156 per kWh in 2019 and could drop below $100 per kWh in 2024. Lithium metal itself represents well less than 5% cost of our packs.

The sharp decline in the price of lithium-ion batteries has made these energy solutions more cost competitive. Affordability has in turn enabled customers to shift away from lead acid and propane-based solutions for power lift equipment to lithium-ion based solutions with more favorable environmental and performance characteristics. We believe our position as a pioneer in the field and our extensive experience providing lithium-ion based energy storage solutions will enable us to take advantage of this shift in customer preferences.

Lift Equipment - Material Handling Equipment

We focus on energy storage solutions for industrial equipment and related industrial applications because we believe they represent large and growing markets that are just beginning to adopt lithium-ion based technology. We apply our scalable, modular designs to natural product extensions in the industrial equipment market. These markets include not only the sale of lithium-ion battery solutions for new equipment but also a replacement market for existing lead acid battery packs.

According to Modern Materials Handling, worldwide new lift truck orders reached approximately 1.4 million units in 2017. The Industrial Truck Association ("ITA") has estimated that approximately 200,000 lift trucks had been sold yearly since 2013 in North America (Canada, the United States and Mexico), with sales relatively evenly distributed between electric rider (Class 1 and Class 2), motorized hand (Class 3), and internal combustion engine powered lift trucks (Class 4 and Class 5). The ITA estimates that electric products represented approximately sixty-nine percent (69%) of the North American shipments in 2020, reflecting the long-term trend of increasing mix of electric products versus internal combustion (propane) engines. Driven by growth in global manufacturing, e-commerce and construction, Research and Markets expects that the global lift truck market will grow at a compound annual growth rate of six and four-tenths percent (6.4%) through 2024.

Customers

Our customers include OEMs, lift equipment dealers, battery distributors and end users. Our customers vary from small companies to Fortune 500 companies.

During the year ended June 30, 2023, we had two (2) major customers that each represented more than 10% of our revenues on an individual basis, and together represented approximately $38,035,000 or 57% of our total revenues. During the year ended June 30, 2022, we had four (4) major customers that each represented more than 10% of our revenues on an individual basis, and together represented approximately $29,254,000 or 69% of our total revenues. During the year ended June 30, 2021, we had three (3) major customers that each represented more than 10% of our revenues on an individual basis, and together represented approximately $16,004,000 or 61% of our total revenues.

Shift Toward Lithium-ion Battery Technologies

The lithium-ion battery value proposition of higher performance, environmental benefit, and lower life cycle cost is driving an increase in demand for safe and efficient alternatives to lead acid and propane-based power products. The lithium-ion value proposition includes a number of factors impacting customer preferences:

Duration of Charge/Run Times: Lithium-based energy storage systems can perform for a longer duration compared to lead acid batteries. Lithium-ion batteries provide up to 50% longer run times than lead acid batteries of comparable capacity, or amps-per-hour rating, allowing equipment to be operated over a long period of time between charges.

High/Sustained Power: Lithium-ion batteries are better suited to deliver high power versus legacy lead acid. For example, a 100Ah lead acid battery will only deliver 80Ah if discharged over a four-hour period. In contrast, a 100Ah lithium-ion system will achieve over 92Ah even during a 30-minute discharge. Additionally, during discharge, the energy storage pack sustains its initial voltage, maximizing the performance of the forklift truck, whereas, lead acid voltages, and hence power, decline over the working shift.

Charging Time: Lead acid batteries are limited to one shift a day, as they discharge for eight hours, need eight hours for charging, and another eight hours for cooling. For multi-shift operations, this typically requires battery changeout for the equipment. Because lithium batteries can be recharged in as little as one hour and do not degrade when subjected to opportunity charging, hence, battery changeout is unnecessary.

Safe Operation: The toxic nature of lead acid batteries presents significant safety and environmental issues in the event of a cell breach. During charging, lead acid batteries emit combustible gases and increase in temperature. Lithium-ion (particularly LFP) batteries do not get as hot and avoid many of the safety and environmental issues associated with lead acid batteries.

Extended Life: The performance of lead acid batteries degrades after approximately 500 charging cycles in industrial equipment applications. In comparison, lithium-ion batteries last up to five times longer in the same application.

Size and Weight: Lithium is about one-third the weight of lead acid for comparable power ratings. Lower weight enables forklift OEMs the ability to optimize the design of the truck based on a smaller footprint for lithium-ion instead of lead acid.

Lower Cost: Lithium-ion batteries provide power dense solutions with extended cycle life, reduced maintenance and improved operational performance, resulting in lower total cost of ownership.

Less Energy Used: we believe our lithium-ion batteries use 20-50% less energy based on our internal studies comparing lithium-ion to lead acid.

Marketing and Sales

We sell our products through a number of several different channels including OEMs, lift equipment dealers and battery distributors as well as directly to end users. In the industrial motive market, OEMs sell their lift products through dealer networks and directly to end customers. Because of environmental issues associated with lead acid batteries and to preserve customer choice, industrial lift products are typically sold without a battery pack. Equipment dealers source battery packs from battery distributors and battery pack suppliers based on demand or in response to customer specifications. End customers may specify a specific type and manufacturer of battery pack to the equipment dealer or may purchase battery packs from battery distributors or directly from battery suppliers.

Our direct sales staff is assigned to major geographies throughout North America to collaborate with our sales partners who have an established customer base. We plan to hire additional sales staff to support our expected sales growth. In addition, we have developed a nation-wide sales network of relationships with equipment OEMs, their dealers, and battery distributors. To support our products, we have a nation-wide network of service providers, typically forklift equipment dealers and battery distributors, who provide local customer service to large customers. We also maintain a customer support center and provide Tech Bulletins and training to our service and sales network out of our corporate headquarters. We have partnered with an experienced GSE distributor, to market our lithium-ion battery packs for airport GSE GSE.

Manufacturing and Assembly

Rather than manufacture our own battery cells and be limited to a single chemistry, our battery cells are sourced from a limited number of manufacturers located in China. We source the remainder of the components primarily from vendors in the United States. We developed our BMS to be agnostic to a battery's lithium-ion chemistry and cell manufacturer. Despite such flexibility, we have experienced occasional supply interruptions in the past, and more recently, we have been forced to navigate supply chain and transportation issues stemming from the global pandemic. We have made great strides in sourcing alternate suppliers and parts to minimize future global supply chain disruptions. We are continuing to monitor and test potential new cell technologies on an ongoing basis to help mitigate our supply chain risks. Final Using Lean Manufacturing principles our final assembly, testing and shipping of our products is done from are completed within our ISO 9001 certified facility in Vista, California, which includes three six assembly lines.

We buy chargers from several sources, including a U.S. based supplier. Additionally, we are a qualified dealer for a well-known manufacturer of "high capacity, modular, smart chargers" which support our larger packs.

Research and Development

Our engineers design, develop, test, and service our advanced lithium-ion energy storage solutions at our company headquarters in Vista, California. We believe our strengths include our core competencies and capabilities in designing and developing proprietary technology for our BMS, lean manufacturing processes, systems engineering, engineering application, and software engineering for both battery packs and telemetry. We believe that our ability to develop new features and technology for our BMS is essential to our growth strategy.

As we continue to develop and expand our product offerings, we anticipate that research and development will continue to be a substantial part of our strategic priorities in the future. We seek to develop innovative, new and improved products for cell and system management along with associated communication, display, current sensing and charging tools. Our research and development efforts are focused on improving performance, reliability and durability of our energy storage solutions for our customers and on lowering our costs of production.

Competition

Our competitors in the lift equipment market are in years past have been primarily major lead acid battery manufacturers, including Stryten Energy, East Penn Manufacturing Company, EnerSys Corporation, and Crown Battery Corporation. Although these competitors have been introducing offerings However, more recently our potential customer base has become increasingly aware of the performance, lifetime cost, and environmental advantages of lithium-ion solutions. At the same time, our competitor base offering lithium-ion solutions has grown from a number of early-stage businesses to now include several larger companies. The increasing market activity reflects the double-digit growth of lithium-ion battery we do not believe that these suppliers offer lithium-based products for lift equipment in any significant volume to end users, pack adoption and sales. The sales channel includes. equipment dealers, OEMs or and battery distributors. Several OEMs offer lithium-ion battery packs on Class 3 forklifts for sale only with their own new forklifts. Some OEMs also offer forklift models designed with an integrated lithium-ion battery. As the demand for lithium-ion battery packs has increased, small lithium battery pack providers have entered the market, most of whom we believe are suppliers of other power products and have simply added a lithium product to their product lines.

The key competitive factors in this market are performance, reliability, durability, safety and price. We believe we compete effectively in all of these categories in light of our experience with lithium-ion technology, including our development capabilities and the performance of our proprietary BMS. We believe that the UL Listing covering many of our core products is a significant differentiating competitive advantage, and we intend to extend that advantage by seeking to obtain UL Listings for our other energy storage pack products in the coming months. In addition, because our BMS is not reliant on any specific battery cell chemistry, we believe we can adapt rapidly to changes in advanced battery technology or customer preferences.

Intellectual Property

Our success depends, at least in part, on our ability to protect our core technology and intellectual property. To accomplish this, we rely on a combination of patents pending, patent applications, trade secrets, including know-how, employee and third-party nondisclosure agreements, copyright laws, trademarks, intellectual property licenses and other contractual rights to establish and protect our proprietary rights in our technology. In addition to such factors as innovation, technological expertise and experienced personnel, we believe that a strong patent position is important to remain competitive.

As of June 30, 2022 June 30, 2023, we have two issued patents and three trademark registrations protecting the Flux Power name and logo. U.S. patents. We have filed three (3) new patents U.S. patent applications on advanced technology related to lithium-ion battery packs. The technology behind these pending three (3) patents are is designed to:

- increase battery life by optimizing the charging cycle,
- give users a better understanding of the health of their battery in use, and
- apply artificial intelligence to predictively balance the cells for optimal performance.

We do not know whether any of our efforts will result in the issuance of patents or whether the examination process will require us to narrow our claims. Even if granted, there can be no assurance that these pending patent applications will provide us with protection.

We have obtained U.S. federal trademark registrations for Flux, Flux Power, Flux Power logo. and Lift. We have pending applications to register SkyBMS. We also believe that we have common law trademark rights to certain marks in addition to those which we have registered.

Suppliers

We obtain a limited number of components and supplies included in our products from a small group of suppliers. During the year ended June 30, 2023, we had one (1) supplier who accounted for more than 10% of our total purchases, which represented approximately $17,022,000 or 31% of our total purchases.

During the year ended June 30, 2022, we had one (1) supplier who accounted for more than 10% of our total purchases, which represented approximately $13,884,000 or 28% of our total purchases.

During the year ended June 30, 2021, we had two (2) suppliers who accounted for more than 10% of our total purchases, on an individual basis, and together represented approximately $9,260,000 or 27% of our total purchases.

Government Regulations

Product Safety Regulations. Our products are subject to product safety regulations by Federal, state, and local organizations. Accordingly, we may be required, or may voluntarily determine to obtain approval of our products from one or more of the organizations engaged in regulating product safety. These approvals could require significant time and resources from our technical staff and, if redesign were necessary, could result in a delay in the introduction of our products in various markets and applications.

Environmental Regulations. Federal, state, and local regulations impose significant environmental requirements on the manufacture, storage, transportation, and disposal of various components of advanced energy storage systems. Although we believe that our operations are in material compliance with current applicable environmental regulations, there can be no assurance that changes in such laws and regulations will not impose costly compliance requirements on us or otherwise subject us to future liabilities.

Moreover, Federal, state, and local governments may enact additional regulations relating to the manufacture, storage, transportation, and disposal of components of advanced energy storage systems. Compliance with such additional regulations could require us to devote significant time and resources and could adversely affect demand for our products. There can be no assurance that additional or modified regulations relating to the manufacture, storage, transportation, and disposal of components of advanced energy systems will not be imposed.

Occupational Safety and Health Regulations. The California Division of Occupational Safety and Health (Cal/OSHA) and other regulatory agencies have jurisdiction over the operations of our Vista, California facility. Because of the risks generally associated with the assembly of advanced energy storage systems we expect rigorous enforcement of applicable health and safety regulations. Frequent audits by, or changes, in the regulations issued by Cal/OSHA, or other regulatory agencies with jurisdiction over our operations, may cause unforeseen delays and require significant time and resources from our technical staff.

Human Capital Resources

As of June 30, 2022 June 30, 2023, we had 121 133 employees. We engage outside consultants for business development, operations and other functions from time to time. None of our employees is currently represented by a trade union.

Corporate Office

Our corporate headquarters and production facility totals approximately 63,200 square feet and is located in Vista, California. Our production facility is ISO 9001 certified. The telephone number at our principal executive office is (760)-741-FLUX or (760)-741-3589.

Other Information

Our Internet address is www.fluxpower.com. We make available on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC"). Other than the information expressly set forth in this annual report, the information contained, or referred to, on our website is not part of this annual report.

The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers, such as us, that file electronically with the SEC.

ITEM 1A - RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the summary of risk factors described below, together with all of the other information included in this report, before making an investment decision. If any of the following risks actually occur, our business, financial condition or results of operations could suffer. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment. You also should read the section entitled "Special Note Regarding Forward Looking Statements" above for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this report. The risk factors below do not address all the risks relating to securities, business and operations, and financial condition.

Risk Factors Relating to Our Business

We have a history of losses and negative working capital.

For the fiscal years ended June 30, 2022 June 30, 2023 and 2021, 2022, we had net losses of $15,609,000 $6.7 million and $12,793,000, $15.6 million, respectively. We have historically experienced net losses and until we generate sufficient revenue, we anticipate to that we will continue to experience losses in the near future.

As of June 30, 2022 June 30, 2023 and 2021, 2022, we had a cash balance of $485,000 $2.4 million and $4,713,000, $485,000, respectively. We expect that our existing cash balances, credit facilities, and cash resources from operations will be sufficient to fund our existing and planned operations for the next twelve months. Until such time as we generate sufficient cash to fund our operations, we will need additional capital to continue our operations thereafter.

We have relied on equity financings, borrowings under short-term loans with related parties, our credit facilities and/or cash resources from operating activities to fund our operations. However, there is no guarantee that we will be able to obtain additional funds in the future or that funds will be available on terms acceptable to us, if at all. Any future financing may result in dilution of the ownership interests of our stockholders. If such funds are not available on acceptable terms, we may be required to curtail our operations or take other actions to preserve our cash, which may have a material adverse effect on our future cash flows and results of operations.

We will need to raise additional capital or financing to continue to execute and expand our business.

While we expect that our existing cash and additional funding available under our SVB Line of GBC Credit Facility, combined with funds available to us under our subordinated line of credit and the potential net proceeds from our At-The-Market offering will be sufficient to meet our anticipated capital resources and to fund our planned operations for the next twelve months, such sources of funding are subject to certain restrictions and covenants and our ability to sell stock will be impacted by market conditions. If we are unable to meet the conditions provided in the loan documents, the funds will not be available to us. In addition, should there be any delays in the receipts of key component parts, due in part to supply change chain disruptions, our ability to fulfil the backlog of sales orders will be negatively impacted resulting in lower availability of cash resources from operations. In that event, we may be required to raise additional capital to support our expanded operations and execute on our business plan by issuing equity or convertible debt securities. In the event we are required to obtain additional funds, there is no guarantee that additional funds will be available on a timely basis or on acceptable terms. To the extent that we raise additional funds by issuing equity or convertible debt securities, our stockholders may experience additional dilution and such financing may involve restrictive covenants. Newly issued securities may include preferences, superior voting rights, and the issuance of warrants or other convertible securities that will have additional dilutive effects. We cannot assure that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us. Further, we may incur substantial costs in pursuing future capital and/or financing. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition and results of operations. Our ability to obtain needed financing may be impaired by such factors as the weakness of capital markets, and the fact that we have not been profitable, which could impact the availability and cost of future financings. If such funds are not available when required, management will be required to curtail investments in additional sales and marketing and product development, which may have a material adverse effect on future cash flows and results of operations.

In the event of default of the Revolving Note under the GBC Credit Facility, such default could adversely affect our business, financial condition, results of operations or liquidity.

The loans and other obligations of the Company under the GBC Credit Facility are secured by substantially all of our tangible and intangible assets (including, without limitation, intellectual property) pursuant to the terms of a Loan and Security Agreement with GBC dated July 28, 2023 (the “Agreement”) and an Intellectual Property Security Agreement (the “IP Security Agreement”). The GBC Credit Facility is evidenced by a revolving note, which matures on July 28, 2025 (the “Maturity Date”), unless extended, modified, or renewed (the “Revolving Note”). Provided that there is no event of default, the Maturity Date can automatically be extended for one (1) year period upon payment of a renewal fee for each such extension in the amount of three-quarters of one percent (0.75%) of the Revolving Loan Commitment, which fee will be due and payable on or before the applicable Maturity Date. The holder of the Revolving Note is entitled to all of the benefits and security provided for in the Agreement. All Revolving Loans shall be repaid by the Borrower on the Maturity Date, unless payable sooner pursuant to the provisions of the Agreement. As a secured party, upon an event of default, GBC will have a first priority right to the collateral granted to them under the Agreement and IP Security Agreement, and we may lose our ownership interest in the assets pledged as security interest. A loss of our collateral will have a material adverse effect on our operations, our business and financial condition.

Backlog may not be indicative of future operating results.

Future revenue for the Company can be influenced by order backlog. Backlog represents the dollar amount of revenues we expect to recognize in the future from contracts awarded and in progress. Backlog substantially represents new orders. Backlog is not a measure defined by generally accepted accounting principles and is not a measure of contract profitability. Our methodology for determining backlog may not be comparable to methodologies used by other companies in determining their backlog amounts. The backlog values we disclose include anticipated revenues associated with: (1) the original contract amounts; (2) change orders for which we have received written confirmations from the applicable customers; (3) change orders for which we expect to receive confirmations in the ordinary course of business; and (4) claims that we have made against customers. In addition, the timing of order placement, size, and customer delivery dates can create unusual fluctuations in backlog.

We include unapproved change orders for which we expect to receive confirmations in the ordinary course of business in backlog, generally to the extent of the lesser of the amounts amount management expects to recover or the associated costs incurred. Any revenue that would represent profit associated with unapproved change orders is generally excluded from backlog until written confirmation is obtained from the applicable customer. However, consideration is given to our history with the customer as well as the contractual basis under which we may be operating. Accordingly, in certain cases based on our historical experience in resolving unapproved change orders with a customer, the associated profit may be included in backlog. However, if an unapproved change order is under dispute or has been previously rejected by the customer, the associated amount of revenue is treated as a claim.

For amounts included in backlog that are attributable to claims, we include unapproved claims in backlog when we have a legal basis to do so, consider collection to be probable and believe we can reliably estimate the ultimate value. Claims revenue is included in backlog to the extent of the lesser of the amounts amount management expects to recover or associated costs incurred.

Backlog may not be indicative of future operating results, and projects in our backlog may be cancelled, modified or otherwise altered by customers. Our ability to realize revenue from the current backlog is dependent on among other things, the delivery of key parts from our vendors in a timely manner. We can provide no assurance as to the profitability of our contracts reflected in backlog.

Economic conditions may adversely affect consumer spending and the overall general health of our customers, which, in turn, may adversely affect our financial condition, results of operations and cash resources.

Uncertainty about the current and future global economic conditions may cause our customers to defer purchases or cancel purchase orders for our products in response to tighter credit, decreased cash availability and weakened consumer confidence. Our financial success is sensitive to changes in general economic conditions, both globally and nationally. Recessionary economic cycles, higher interest borrowing rates, higher fuel and other energy costs, inflation, increases in commodity prices, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws or other economic factors that may affect consumer spending or buying habits could continue to adversely affect the demand for our products. If credit pressures or other financial difficulties result in insolvency for our customers, it could adversely impact our financial results. There can be no assurances that government and consumer responses to the disruptions in the financial markets will restore consumer confidence.

We are dependent on a few customers for the majority of our net revenues, and our success depends on demand from OEMs and other users of our battery products.

Historically a majority of our product sales have been generated from a small number of OEMs and customers, including two (2) customers who, on an aggregate basis, made up 57% of our sales for the year ended June 30, 2023, and four (4) customers who, on an aggregate basis, made up 69% of our sales for the year ended June 30, 2022, and three (3) customers who, on an aggregate basis, made up 61% of our sales for the year ended June 30, 2021. As a result, our success depends on continued demand from this small group of customers and their willingness to incorporate our battery products in their equipment. The loss of a significant customer would have an adverse effect on our revenues. There is no assurance that we will be successful in our efforts to convince end users to accept our products. Our failure to gain acceptance of our products could have a material adverse effect on our financial condition and results of operations.

Additionally, OEMs, their dealers and battery distributors may be subject to changes in demand for their equipment which could significantly affect our business, financial condition and results of operations.

Our business is vulnerable to a near-term severe impact from the COVID-19 outbreak, and the continuation of the pandemic could have a material adverse impact on our operations and financial condition.

COVID-19 and another public health epidemic/pandemic could pose the risk that we or our employees, contractors, customers, suppliers, third party shipping carriers, government and other partners may be prevented from or limited in their ability to conduct business activities for an indefinite period of time, including due to the spread of the disease within these groups or due to shutdowns that may be requested or mandated by governmental authorities. While it is not possible at this time to estimate the impact that COVID-19 could have on our business, the continued spread of COVID-19 and the measures taken by the governments of states and countries affected could disrupt, among other things, the supply chain and the manufacture or shipment of our products. Our manufacturing operations may be subject to closure or shut down for a variety of reasons. While manufacturing operations were not materially impacted, future operations could be affected by the continued spread of COVID-19. Any substantial disruption in our manufacturing operations from COVID-19, or its related impacts, would have a material adverse effect on our business and would impede our ability to manufacture and ship products to our customers in a timely manner, or at all.

The effect of the COVID-19 pandemic and its associated restrictions may adversely impact many aspects of our business, including customer demand, the length of our sales cycles, disruptions in our supply chain, lower the operating efficiencies at our facility, worker shortages and declining staff morale, and other unforeseen disruptions. The demand for our products may significantly decline if the COVID-19 pandemic continues, restrictions are implemented or re-implemented, or the virus resurges and spreads and our customers suffer losses in their businesses. The supply of our raw materials and our supply chain may be disrupted and adversely impacted by the pandemic. The occurrence of any of the foregoing events and their adverse effect on capital markets and investor sentiment may adversely impact our ability to raise capital when needed or on terms favorable to us and our stockholders to fund our operations, which could have a material adverse effect on our business, financial condition and results of operations. The extent to which the COVID-19 outbreak impacts our results, its effect on near or long-term value of our share price are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact.

We do not have long term long-term contracts with our customers.

We do not have long-term contracts with our customers. Future agreements with respect to pricing, returns, promotions, among other things, are subject to periodic negotiation with each customer. No assurance can be given that our customers will continue to do business with us. The loss of any of our significant customers will have a material adverse effect on our business, results of operations, financial condition and liquidity. In addition, the uncertainty of product orders can make it difficult to forecast our sales and allocate our resources in a manner consistent with actual sales, and our expense levels are based in part on our expectations of future sales. If our expectations regarding future sales are inaccurate, we may be unable to reduce costs in a timely manner to adjust for sales shortfalls.

Real or perceived hazards associated with Lithium-ion battery technology may affect demand for our products.

Press reports have highlighted situations in which lithium-ion batteries in automobiles and consumer products have caught fire or exploded. In response, the use and transportation of lithium-ion batteries has been prohibited or restricted in certain circumstances. This publicity has resulted in a public perception that lithium-ion batteries are dangerous and unpredictable. Although we believe our battery packs are safe, these perceived hazards may result in customer reluctance to adopt our lithium-ion based technology.

Our products may experience quality problems from time to time that could result in negative publicity, litigation, product recalls and warranty claims, which could result in decreased revenues and harm to our brands.

A catastrophic failure of our battery modules could cause personal or property damages for which we would be potentially liable. Damage to or the failure of our battery packs to perform to customer specifications could result in unexpected warranty expenses or result in a product recall, which would be time consuming and expensive. Such circumstances could result in negative publicity or lawsuits filed against us related to the perceived quality of our products which could harm our brand and decrease demand for our products.

We may be subject to product liability claims.

If one of our products were to cause injury to someone or cause property damage, including as a result of product malfunctions, defects, or improper installation, then we could be exposed to product liability claims. We could incur significant costs and liabilities if we are sued and if damages are awarded against us. Further, any product liability claim we face could be expensive to defend and could divert management's attention. The successful assertion of a product liability claim against us could result in potentially significant monetary damages, penalties or fines, subject us to adverse publicity, damage our reputation and competitive position, and adversely affect sales of our products. In addition, product liability claims, injuries, defects, or other problems experienced by other companies in the solar industry could lead to unfavorable market conditions for the industry as a whole, and may have an adverse effect on our ability to attract new customers, thus harming our growth and financial performance. Although we carry product liability insurance, it may be insufficient in amount to cover our claims.

Tariffs could be imposed on lithium-ion batteries or on any other component parts by the United States government or a resulting trade war could have a material adverse effect on our results of operations.

In 2018, the United States government announced tariffs on certain steel and aluminum products imported into the United States, which led to reciprocal tariffs being imposed by the European Union and other governments on products imported from the United States. The United States government has implemented tariffs on goods imported from China.

The lithium-ion battery industry has been subjected to tariffs implemented by the United States government on goods imported from China. There is an ongoing risk of new or additional tariffs being put in place on lithium-ion batteries or related part. Since all of our lithium-ion batteries are manufactured in China, current and potential tariffs on lithium-ion batteries imported by us from China could increase our costs, require us to increase prices to our customers or, if we are unable to do so, result in lower gross margins on the products sold by us. China has already imposed tariffs on a wide range of American products in retaliation for the American tariffs on steel and aluminum. Additional tariffs could be imposed by China in response to actual or threatened tariffs on products imported from China. The imposition of additional tariffs by the United States could trigger the adoption of tariffs by other countries as well. Any resulting escalation of trade tensions, including a "trade war," could have a significant adverse effect on world trade and the world economy, as well as on our results of operations. At this time, we cannot predict how such enacted tariffs will impact our business. Tariffs on components imported by us from China could have a material adverse effect on our business and results of operations.

We are dependent on a limited number of suppliers for our battery cells, and the inability of these suppliers to continue to deliver, or their refusal to deliver, our battery cells at prices and volumes acceptable to us would have a material adverse effect on our business, prospects and operating results.

We do not manufacture the battery cells used in our energy storage packs. Our battery cells, which are an integral part of our battery products and systems, are sourced from a limited number of manufacturers located in China. While we obtain components for our products and systems from multiple sources whenever possible, we have spent a great deal of time in developing and testing our battery cells that we receive from our suppliers. We refer to the battery cell suppliers as our "limited source suppliers." Additionally, our operations are materially dependent upon the continued market acceptance and quality of these manufacturers' products and their ability to continue to manufacture products that are competitive and that comply with laws relating to environmental and efficiency standards. Our inability to obtain products from one or more of these suppliers or a decline in market acceptance of these suppliers' products could have a material adverse effect on our business, results of operations and financial condition. From time to time we have experienced shortages, allocations and discontinuances of certain components and products, resulting in delays in filling orders. Qualifying new suppliers to compensate for such shortages may be time-consuming and costly. In addition, we may have to recertify our UL Listings for the battery cells from new suppliers, which in turn has led to delays in product acceptance. Similar delays may occur in the future. Furthermore, the performance of the components from our suppliers as incorporated in our products may not meet the quality requirements of our customers.

To date, we have no qualified alternative sources for our battery cells although we research and assess cells from other suppliers on an ongoing basis. We generally do not maintain long-term agreements with our limited source suppliers. While we believe that we will be able to establish additional supplier relationships for our battery cells, we may be unable to do so in the short term or at all at prices, quality or costs that are favorable to us.

Changes in business conditions, wars, regulatory requirements, economic conditions and cycles, governmental changes, pandemic, and other factors beyond our control could also affect our suppliers' ability to deliver components to us on a timely basis or cause us to terminate our relationship with them and require us to find replacements, which we may have difficulty doing. Furthermore, if we experience significant increased demand, or need to replace our existing suppliers, there can be no assurance that additional supplies of component parts will be available when required on terms that are favorable to us, at all, or that any supplier would allocate sufficient supplies to us in order to meet our requirements or fill our orders in a timely manner. In the past, we have replaced certain suppliers because of their failure to provide components that met our quality control standards. The loss of any limited source supplier or the disruption in the supply of components from these suppliers could lead to delays in the deliveries of our battery products and systems to our customers, which could hurt our relationships with our customers and also materially adversely affect our business, prospects and operating results.

Increases in costs, disruption of supply or shortage of raw materials, in particular lithium-ion phosphate cells, could harm our business.

We may experience increases in the costs, or a sustained interruption in the supply or shortage, of raw materials. Any such cost increase or supply interruption could materially negatively impact our business, prospects, financial condition and operating results. For instance, we are exposed to multiple risks relating to price fluctuations for lithium-iron phosphate cells.

These risks include:

- the inability or unwillingness of battery manufacturers to supply the number of lithium-iron phosphate cells required to support our sales as demand for such rechargeable battery cells increases;
- disruption in the supply of cells due to quality issues or recalls by the battery cell manufacturers; and
- an increase in the cost of raw materials, such as iron and phosphate, used in lithium-iron phosphate cells.

Our success depends on our ability to develop new products and capabilities that respond to customer demand, industry trends or actions by our competitors and failure to do so may cause us to lose our competitiveness in the battery industry and may cause our profits to decline.

Our success will depend on our ability to develop new products and capabilities that respond to customer demand, industry trends or actions by our competitors. There is no assurance that we will be able to successfully develop new products and capabilities that adequately respond to these forces. In addition, changes in legislative, regulatory or industry requirements or in competitive technologies may render certain of our products obsolete or less attractive. If we are unable to offer products and capabilities that satisfy customer demand, respond adequately to changes in industry trends or legislative changes and maintain our competitive position in our markets, our financial condition and results of operations would be materially and adversely affected.

The research and development of new products and technologies is costly and time consuming, and there are no assurances that our research and development efforts will be either successful or completed within anticipated timeframes, if at all. Our failure to technologically evolve and/or develop new or enhanced products may cause us to lose competitiveness in the battery market. In addition, in order to compete effectively in the renewable battery industry, we must be able to launch new products to meet our customers' demands in a timely manner. However, we cannot provide assurance that we will be able to install and certify any equipment needed to produce new products in a timely manner, or that the transitioning of our manufacturing facility and resources to full production under any new product programs will not impact production rates or other operational efficiency measures at our manufacturing facility. In addition, new product introductions and applications are risky, and may suffer from a lack of market acceptance, delays in related product development and failure of new products to operate properly. Any failure by us to successfully launch new products, or a failure by us to meet our customers criteria in order to accept such products, could adversely affect our results.

Our business will be adversely affected if we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties.

Any failure to protect our intellectual proprietary rights could result in our competitors offering similar products, potentially resulting in the loss of some of our competitive advantage and a decrease in our revenue, which would adversely affect our business, prospects, financial condition and operating results. Our success depends, at least in part, on our ability to protect our core technology and intellectual property. To accomplish this, we rely on a combination of patents, patent applications, trade secrets, including know-how, employee and third-party nondisclosure agreements, copyright laws, trademarks, intellectual property licenses and other contractual rights to establish and protect our proprietary rights in our technology.

The protections provided by patent laws will be important to our future opportunities. However, such patents and agreements and various other measures we take to protect our intellectual property from use by others may not be effective for various reasons, including the following:

- the patents we have been granted may be challenged, invalidated or circumvented because of the pre-existence of similar patented or unpatented intellectual property rights or for other reasons;
- the costs associated with enforcing patents, confidentiality and invention agreements or other intellectual property rights may make aggressive enforcement impracticable; and
- existing and future competitors may independently develop similar technology and/or duplicate our systems in a way that circumvents our patents.

Our patent applications may not result in issued patents, which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to ours.

We cannot be certain that we are the first creator of inventions covered by pending patent applications or the first to file patent applications on these inventions, nor can we be certain that our pending patent applications will result in issued patents or that any of our issued patents will afford protection against a competitor. In addition, patent applications that we intend to file in foreign countries are subject to laws, rules and procedures that differ from those of the United States, and thus we cannot be certain that foreign patent applications related to issue United States patents will be issued. Furthermore, if these patent applications issue, some foreign countries provide significantly less effective patent enforcement than in the United States.

The status of patents involves complex legal and factual questions and the breadth of claims allowed is uncertain. As a result, we cannot be certain that the patent applications that we file will result in patents being issued, or that our patents and any patents that may be issued to us in the near future will afford protection against competitors with similar technology. In addition, patents issued to us may be infringed upon or designed around by others and others may obtain patents that we need to license or design around, either of which would increase costs and may adversely affect our business, prospects, financial condition and operating results.

We rely on trade secret protections through confidentiality agreements with our employees, customers and other parties; the breach of such agreements could adversely affect our business and results of operations.

We rely on trade secrets, which we seek to protect, in part, through confidentiality and non-disclosure agreements with our employees, customers and other parties. There can be no assurance that these agreements will not be breached, that we would have adequate remedies for any such breach or that our trade secrets will not otherwise become known to or independently developed by competitors. To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to our proposed projects, disputes may arise as to the proprietary rights to such information that may not be resolved in our favor. We may be involved from time to time in litigation to determine the enforceability, scope and validity of our proprietary rights. Any such litigation could result in substantial cost and diversion of effort by our management and technical personnel.

Our business depends substantially on the continuing efforts of the members of our senior management team, and our business may be severely disrupted if we lose their services.

We believe that our success is largely dependent upon the continued service of the members of our senior management team, who are critical to establishing our corporate strategies and focus, overseeing the execution of our business strategy and ensuring our continued growth. Our continued success will depend on our ability to attract and retain a qualified and competent management team in order to manage our existing operations and support our expansion plans. Although we are not aware of any change, if any of the members of our senior management team are unable or unwilling to continue in their present positions, we may not be able to replace them readily. Therefore, our business may be severely disrupted, and we may incur additional expenses to recruit and retain their replacement. In addition, if any of the members of our senior management team joins a competitor or forms a competing company, we may lose some of our customers.

If we are forced to implement workforce reductions, our staff resources will be stretched making our ability to comply with legal and regulatory requirements as a Public Company public company difficult.

There can be no assurance that our management team will be able to implement and affect programs and policies in an effective and timely manner especially if subject to workforce reductions, that adequately respond to increased legal, regulatory compliance and reporting requirements imposed by such laws and regulations. Our failure to comply with such laws and regulations could lead to the imposition of fines and penalties and further result in the deterioration of our business.

Compliance with changing regulations concerning corporate governance and public disclosure may result in additional expenses.

There have been changing laws, regulations and standards relating to corporate governance and public disclosure, including the (Sarbanes-Oxley) Act of 2002, new regulations promulgated by the SEC and rules promulgated by the national securities exchanges. These new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. As a result, our efforts to comply with evolving laws, regulations and standards are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. Members of our Board of Directors and our chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified directors and executive officers, which could harm our business. If the actions we take in our efforts to comply with new or changed laws, regulations and standards differ from the actions intended by regulatory or governing bodies, we could be subject to liability under applicable laws or our reputation may be harmed.

In addition, Sarbanes-Oxley specifically requires, among other things, that we maintain effective internal controls for financial reporting and disclosure of controls and procedures. In particular, we must perform system and process evaluation and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting, as required by Section 404 of Sarbanes-Oxley. Our testing, or the subsequent testing by our independent registered public accounting firm, when required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management efforts. We currently do not have an internal audit group, and we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business and stock price.

Based on management's evaluation of our disclosure controls and procedures as of June 30, 2022 June 30, 2023, we identified material weaknesses in our internal controls over financial reporting. The material weaknesses were based on our ineffective oversight of our internal control over financial reporting and lack of sufficient review and approval personnel resources with technical accounting expertise related to certain aspects of the underlying data used in the calculation financial reporting process. Until such time as we could have additional resources with such level of warranty reserve. We are taking remedial technical accounting expertise, management intends to implement measures designed to improve our internal control over financial reporting to remediate material weaknesses, We are implementing additional control procedures to strengthen including the oversight use of the Company's internal control over financial reporting through review third-party consultants and sign off by the senior management of all significant assumptions and estimates being used and the underlying the data used in producing financial schedules/estimates and financial reporting. We are also adding a second level of review and approval for all manual journal entries for significant estimates and assumptions made by management. accounting experts.

We are committed to remediating our material weakness. However, there can be no assurance as to when this material weakness will be remediated or that additional material weaknesses will not arise in the future. If we are unable to maintain effective internal control over financial reporting, our ability to record, process and report financial information timely and accurately could be adversely affected and could result in a material misstatement in our financial statements, which could subject us to litigation or investigations, require management resources, increase our expenses, negatively affect investor confidence in our financial statements and adversely impact the trading price of our common stock.

We may face significant costs relating to environmental regulations for the storage and shipment of our lithium-ion battery packs.

Federal, state, and local regulations impose significant environmental requirements on the manufacture, storage, transportation, and disposal of various components of advanced energy storage systems. Although we believe that our operations are in material compliance with applicable environmental regulations, there can be no assurance that changes in such laws and regulations will not impose costly compliance requirements on us or otherwise subject us to future liabilities. Moreover, Federal, state, and local governments may enact additional regulations relating to the manufacture, storage, transportation, and disposal of components of advanced energy storage systems. Compliance with such additional regulations could require us to devote significant time and resources and could adversely affect demand for our products. There can be no assurance that additional or modified regulations relating to the manufacture, storage, transportation, and disposal of components of advanced energy systems will not be imposed.

Natural disasters, public health crises, political crises and other catastrophic events or other events outside of our control may damage our sole facility or the facilities of third parties on which we depend, and could impact consumer spending.

Our sole production facility is located in southern California near major geologic faults that have experienced earthquakes in the past. An earthquake or other natural disaster or power shortages or outages could disrupt our operations or impair critical systems. Any of these disruptions or other events outside of our control could affect our business negatively, harming our operating results. In addition, if our sole facility, or the facilities of our suppliers, third-party service providers or customers, is affected by natural disasters, such as earthquakes, tsunamis, power shortages or outages, floods or monsoons, public health crises, such as pandemics and epidemics, political crises, such as terrorism, war, political instability or other conflict, or other events outside of our control, our business and operating results could suffer. Moreover, these types of events could negatively impact consumer spending in the impacted regions or, depending upon the severity, globally, which could adversely impact our operating results. Similar disasters occurring at our vendors' manufacturing facilities could impact our reputation and our consumers' perception of our brands.

Security breaches, loss of data and other disruptions could compromise sensitive information related to our business, prevent us from accessing critical information or expose us to liability, which could adversely affect our business and our reputation.

We utilize information technology systems and networks to process, transmit and store electronic information in connection with our business activities. As the use of digital technologies has increased, cyber incidents, including deliberate attacks and attempts to gain unauthorized access to computer systems and networks and divert financial resources, have increased in frequency and sophistication. These threats pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data, all of which are vital to our operations and business strategy. There can be no assurance we will succeed in preventing cyber-attacks or successfully mitigating their effects.

Despite implementing security measures, any of the internal computer systems belonging to us or our suppliers are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war, and telecommunication and electrical failure. Any system failure, accident, security breach or data breach that causes interruptions could result in a material disruption of our product development programs. Further, our information technology and other internal infrastructure systems, including firewalls, servers, leased lines and connection to the Internet, face the risk of systemic failure, which could disrupt our operations. If any disruption or security breach results in a loss or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we may incur resulting liability, and competitive position may be adversely affected, and the further development of our products may be delayed. Furthermore, we may incur additional costs to remedy the damage caused by these disruptions or security breaches.

Risks Related to Our Common Stock and Market

The market price of our common stock could become volatile, or our trading volume become weak, either of which could lead to the price of our stock being depressed at a time when you may want to sell.

Our common stock is being traded on The NASDAQ Capital Market under the symbol "FLUX." We cannot predict the extent to which investor interest in our common stock will lead to the development of an active trading market on that stock exchange or any other exchange in the future. An active market for our common stock may never develop. We cannot assure you that the volume of trading in shares of our common stock will increase in the future. The trading price of our common stock has experienced volatility and is likely to continue to be highly volatile in response to numerous factors, many of which are beyond our control, including, without limitation, the following:

- our earnings releases, actual or anticipated changes in our earnings, fluctuations in our operating results or our failure to meet the expectations of financial market analysts and investors;
- changes in financial estimates by securities analysts, if any, who might cover our stock;
- speculation about our business in the press or the investment community;
- significant developments relating to our relationships with our customers or suppliers;
- stock market price and volume fluctuations of other publicly traded companies and, in particular, those that are in our industry;
- customer demand for our products;
- investor perceptions of our industry in general and our Company in particular;
- general economic conditions and trends;
- announcements by us or our competitors of new products, significant acquisitions, strategic partnerships or divestitures;
- changes in accounting standards, policies, guidance, interpretation or principles;
- loss of external funding sources;
- sales of our common stock, including sales by our directors, officers or significant stockholders; and
- additions or departures of key personnel.

The trading price and volume of our common stock may impact your ability to sell your shares of common stock, causing you to lose all or part of your investment.

The ownership of our stock is highly concentrated in our management, and we have one controlling stockholder.

As of September 12, 2022 September 8, 2023, our directors and executive officers, and their respective affiliates beneficially owned approximately 29% 28.5% of our outstanding common stock, including common stock underlying options, and warrants that were exercisable or convertible or which would become exercisable or convertible within 60 days. Michael Johnson, our director and beneficial owner sole director of Esenjay Investments LLC ("Essenjay"), beneficially owns approximately 28% 26.7% of such outstanding common stock. As a result of their ownership, our directors and executive officers and their respective affiliates collectively, and Esenjay, individually, are able to significantly influence all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also have the effect of delaying or preventing a change in control.

We do not intend to pay dividends on shares of our common stock for the foreseeable future.

We have never declared or paid any cash dividends on shares of our common stock. We intend to retain any future earnings to fund the operation and expansion of our business and, therefore, we do not anticipate paying cash dividends on shares of our common stock in the foreseeable future.

Although our common stock is listed on The NASDAQ Capital Market, there can be no assurance that we will be able to comply with continued listing standards of The NASDAQ Capital Market.

Although our common stock is listed on The NASDAQ Capital Market, we cannot assure you that we will be able to continue to comply with the minimum bid price requirement, stockholder equity requirement and the other standards that we are required to meet in order to maintain a listing of our common stock on The NASDAQ Capital Market. Our failure to continue to meet these requirements may result in our common stock being delisted from The NASDAQ Capital Market. There can be no assurance that our common stock will continue to trade on The Nasdaq Capital Market or trade on the over-the counter markets or any public market in the future. In the event our common stock is delisted, our stock price and market liquidity of our stock will be adversely affected which will impact your ability to sell your securities in the market.

Preferred Stock may be issued under our Articles of Incorporation which may have superior rights to our common stock.

Our Articles of Incorporation authorize the issuance of up to 500,000 shares of preferred stock. The preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance. These terms may include voting rights including the right to vote as a series on particular matters, preferences as to dividends and liquidation, conversion rights, redemption rights and sinking fund provisions. In addition, these voting, conversion and exchange rights of preferred stock could negatively affect the voting power or other rights of our common stockholders. The issuance of any preferred stock could diminish the rights of holders of our common stock, or delay or prevent a change of control of our Company, and therefore could reduce the value of such common stock.

ITEM 1B - UNRESOLVED STAFF COMMENTS

None.

ITEM 2 - PROPERTIES

Our corporate headquarters and production facility totals approximately 63,200 square feet and is located in Vista, California. Our production facility is ISO 9001 certified. We lease this property. Rent during the year ended June 30, 2022 June 30, 2023 was approximately $62,000 $64,000 per month, and our annual rent will escalate approximately 3% per year through the end of the lease term on November 20, 2026. Our east coast customer service facility located in Atlanta, Georgia is approximately 4,900 square feet and monthly rent is approximately $5,000, which will escalate approximately 5% per year through the end of the lease term on April 30, 2028. Total rent expense was approximately $867,000 $899,000 and $841,000 $867,000 for the fiscal years ended June 30, 2022 June 30, 2023 and 2021, 2022, respectively.

We believe that our leased property is in good condition and suitable for the conduct of our business.

ITEM 3 - LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties and an adverse result in these or other matters any legal proceedings that may arise from time to time that may harm our the Company's business. To the best knowledge of management, there are no material legal proceedings pending against us.

ITEM 4 - MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Common Stock

Our common stock is traded on The NASDAQ Capital Market under the symbol "FLUX."

Holders of Record of Common Stock

As of September 12, 2022 September 8, 2023, we had approximately 1,370 1,367 stockholders of record for our common stock. The foregoing number of stockholders of record does not include an unknown number of stockholders who hold their stock in "street name."

Dividend Policy

We have never declared or paid cash dividends on our common stock. We presently do not expect to declare or pay such dividends in the foreseeable future and expect to reinvest all undistributed earnings to expand our operations, which the management believes would be of the most benefit to our stockholders. The declaration of dividends, if any, will be subject to the discretion of our Board of Directors, which may consider such factors as our results of operations, financial condition, capital needs and acquisition strategy, among others.

Recent Sales of Unregistered Securities

Unregistered securities sold by the Company during the period covered by this report have been previously reported in a Quarterly Report on Form 10-Q or Current Report on Form 8-K.

Purchases of Equity Securities

None.

Equity Compensation Plan Information

The following table provides certain information with respect to our equity compensation plans in effect as of June 30, 2022 June 30, 2023:

	Number of securities to be issued upon exercise of outstanding options, and settlement of RSUs (a)	Weighted-average exercise price of outstanding options, and issuance price of RSUs (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a) (c)
Equity compensation plans approved by security holders[(1)]	481,489	$ 11.08	170,725
Equity compensation plans approved by security holders[(2)]	-	-	2,000,000
Equity compensation plans not approved by security holders[(3)]	21,944	$ 10.00	-
Total	503,433	$ 11.03	2,170,725

	Number of securities to be issued upon exercise of outstanding options, and settlement of RSUs (a)	Weighted-average exercise price of outstanding options, and issuance price of RSUs (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a) (c)
Equity compensation plans approved by shareholders[(1)]	732,352	$ 7.94	91,907
Equity compensation plans approved by shareholders[(2)]	412,853	3.43	1,587,147
Equity compensation plans not approved by shareholders[(3)]	21,944	$ 10.00	-
Equity compensation plans approved by shareholders[(4)]	-	–-	350,000

Total	1,167,149	$ 6.39	2,029,054

(1) 211,800 incentive stock options ("ISO") and 80,700 non-qualified stock options ("NQSO") Represents shares of our common stock were granted reserved for issuance under the 2014 Equity Incentive Plan (the "2014 Plan") during the year ended June 30, 2018. We granted 147,411 incentive stock options and 97,616 non-qualified stock options under the 2014 Plan during Fiscal 2019. We granted 15,324 incentive stock options and 3,948 non-qualified stock options under the 2014 Plan during Fiscal 2020. We granted 153,177 restricted stock units under the 2014 Plan during Fiscal 2021. We granted 250,786 restricted stock units under the 2014 Plan during Fiscal 2022. The 2014 Plan which was approved by our shareholders on February 17, 2015, and was amended on October 25, 2017.

(2) Consists of 2,000,000 Represents shares of common stock reserved for issuance under the 2021 Equity Incentive Plan (the "2021 Plan") which was approved by our shareholders on April 29, 2021.

(3) Consists of 7,200 options granted under the 2010 Stock Option Plan (the "2010 Plan") and assumed by us in the reverse acquisition. An additional 30,700 non-qualified options were issued. At June 30, 2022 June 30, 2023, there was were 21,944 options outstanding.

(4) Represents the number of shares of common stock reserved as authorized for the grant of options under the Flux Power Holdings, Inc. 2023 Employee Stock Purchase Plan (the "2023 ESPP"), which was approved by our shareholders on April 20, 2023.

ITEM 6 - RESERVED

Not Applicable.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in this Annual Report on Form 10-K. Some of the statements contained in the following discussion of the Company's financial condition and results of operations refer to future expectations or include other "forward-looking" information. Those statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated, including, but not limited to, those discussed in Part I, Item 1A of this report under the heading "Risk Factors," which are incorporated herein by reference. See "Special Note regarding Forward-Looking Statements" included in this Report on Form 10-K for a discussion of factors to be considered when evaluating forward-looking information detailed below. These factors could cause our actual results to differ materially from the forward-looking statements.

Business Overview

We design, develop, manufacture, and sell a portfolio of advanced lithium-ion energy storage solutions for electrification of a range of industrial and commercial sectors which include material handling, airport ground support equipment ("GSE"), and stationary energy storage. We believe our mobile and stationary energy storage solutions provide our customers a reliable, high performing, cost effective, and more environmentally friendly alternative as compared to traditional lead acid and propane-based solutions. Our modular and scalable design allows different configurations of lithium-ion battery packs to be paired with our proprietary wireless battery management system to provide the level of energy storage required and "state of the art" real time monitoring of pack performance. We believe that the increasing demand for lithium-ion battery packs and more environmentally friendly energy storage solutions in the material handling sector should continue to drive our revenue growth.

Our long-term strategy is to meet the rapidly growing demand for lithium-ion energy solutions and to be the supplier of choice, targeting large companies having energy storage needs. We have established selling relationships with large fleets of forklifts and GSEs. We intend to reach this goal by investing in research and development to expand our product mix, by expanding our sales and marketing efforts, improving our customer support efforts and continuing our efforts to improve production capacity and efficiencies. Our research and development efforts will continue to focus on providing adaptable, reliable and cost-effective energy storage solutions for our customers. We have filed three new patents on advanced technology related to lithium-ion battery packs. The technology behind these pending patents are is designed to:

- increase battery life by optimizing the charging cycle,
- give users a better understanding of the health of their battery in use, and
- apply artificial intelligence to predictively balance the cells for optimal performance.

Our largest sector of penetration thus far has been the material handling sector which we believe is a multi-billion dollar multi-billion-dollar addressable market. We believe the sector will provide us with an opportunity to grow our business as we enhance our product mix and service levels and grow our sales to large fleets of forklifts and GSEs. Applications of our modular packs for other industrial and commercial uses, such as solar energy storage, are providing additional current growth and further opportunities. We intend to continue to expand our supply chain and customer partnerships and seek further partnerships and/or acquisitions that provide synergy to meeting our growth and "building scale" objectives.

The following table summarizes the new orders, shipments, and backlog activities for the last six (6) fiscal quarters:

Fiscal Quarter Ended	Beginning Backlog	New Orders	Shipments	Ending Backlog
March 31, 2021	$ 2,759,000	$ 9,977,000	$ 6,826,000	$ 5,910,000
June 30, 2021	$ 5,910,000	$ 15,053,000	$ 8,339,000	$ 12,624,000
September 30, 2021	$ 12,624,000	$ 13,122,000	$ 6,313,000	$ 19,433,000
December 31, 2021	$ 19,433,000	$ 19,819,000	$ 7,837,000	$ 31,415,000
March 31, 2022	$ 31,415,000	$ 20,495,000	$ 13,317,000	$ 38,593,000
June 30, 2022	$ 38,593,000	$ 11,622,000	$ 15,195,000	$ 35,020,000

Fiscal Quarter Ended	Beginning Backlog	New Orders	Shipments	Ending Backlog
March 31, 2022	$ 31,415,000	$ 20,495,000	$ 13,317,000	$ 38,593,000
June 30, 2022	$ 38,593,000	$ 11,622,000	$ 15,195,000	$ 35,020,000
September 30, 2022	$ 35,020,000	$ 9,678,000	$ 17,840,000	$ 26,858,000
December 31, 2022	$ 26,858,000	$ 20,652,000	$ 17,158,000	$ 30,352,000
March 31, 2023	$ 30,352,000	$ 9,751,000	$ 15,087,000	$ 25,016,000
June 30, 2023	$ 25,016,000	$ 19,780,000	$ 16,252,000	$ 28,544,000

“Backlog” represents the amount of anticipated revenues we may recognize in the future from existing contractual orders with customers that are in progress and have not yet shipped. Backlog values may not be indicative of future operating results as orders may be cancelled, modified or otherwise altered by customers. In addition, our ability to realize revenue from our backlog will be dependent on the delivery of key parts from our suppliers and our ability to manufacture and ship our products to customers in a timely manner. There can be no assurance that outstanding customer orders will be fulfilled as expected and that our backlog will result in future revenues.

As of September 12, 2022 September 8, 2023, our order backlog was approximately $29.4 million $27.2 million.

Business Updates

Due to Many of the growth disruptions from the COVID-19 pandemic over the past several years have largely abated. During the pandemic, we, like others in orders for our energy storage solutions and accessories, coupled with the industry, experienced supply chain disruptions due to COVID-19 delaying our ability to fulfill challenges such orders,as delays of purchased components and the shortage of components. We have addressed these supply chain challenges with improved vendor selection, and improved supply chain internal practices. However, we have experienced an increase shipment delays of battery packs for some forklift models that have experienced production delays. We have seen recent improvements in our backlog of open orders shipment timing. The price increases during Fiscal 2022.

Supply Chain Issues and Higher Procurement Costs

Due to COVID-19 the pandemic supply chain disruptions continue, notably with delivery delays at the ports of Los Angeles and Long Beach. In addition, the price of for steel and certain other electrical components used domestic freight have lessened but still remain higher than pre-pandemic. Price recovery of increased pandemic-related costs have now begun to be realized in our products have seen dramatic increases, along with increased shipping costs. It is impossible to predict how long shipments during the current disruptions to the cost and availability latter part of raw materials and component parts will last. We implemented price increases on certain new product orders in October 2021 and April 2022 to offset rising global costs of raw materials and component parts. In addition, we increased our inventory of raw materials and component parts to $16.3 million as of June 30, 2022 to mitigate supply chain disruptions and support timely deliveries. Fiscal 2023. However, there can be no assurance that our price increases, inventory levels or any future steps we take will be sufficient to offset the rising procurement costs and manage sourcing of raw materials and component parts effectively.

To address Lead times for forklifts and GSE Equipment have been extended for certain model lines of major OEMs. These extended lead times have resulted in some of these negative consequences shipment deferrals and delays in receiving anticipated orders. Not all product lines are impacted but the impact has required additional selling efforts to support the future growth of maintain our business, we have implemented a number of new strategic initiatives: sales trajectory.

Strategic Initiatives.

To support our high growth business and strategy, our first priority over the coming quarters is achieving “profitability,” specifically, cash flow breakeven. Accordingly, we have strategic initiatives underway in two areas:

- **Gross margin improvements**
- Utilize lower cost, more reliable, and secondary suppliers of key components including cells, steel, electronics, circuit boards and other key components.
- Actively manage our suppliers to avoid supply chain disruptions and related risks.
- Introduce new designs, including a simplified “platform” that reduces part count, lowers cost, improves manufacturability and serviceability.
- Focus on ensuring profitability of all product lines including managing mix of products.
- Seek more competitive carriers to reduce shipping costs.
- Implement Lean Manufacturing process to enhance capacity utilization, efficiency, quality.
- Introduce comprehensive “cost of quality” initiative to ensure effective and robust processes.
- Implement “automated cell module assembly” to assemble purchased “individual” battery cells into a “module” for the battery pack. This will enable lower inventory from simplified SKU count and lower costs.

- **Business expansion to accelerate gross margin**

- Leverage current high-profile “proven customer relationships” to respond to growing demand of large fleets for lithium-ion value proposition.
- Pursue new market that can leverage our technology and manufacturing capabilities.
- Expand features of our popular “SkyBMS” (telemetry) which provides customized fleet management, and real time reports.
- Expand our manufacturing and service capacities to ensure customer satisfaction from increased deliveries, and service.
- Capitalize on our leadership position with new offerings.
- While we are “agnostic to the type of lithium chemistry,” ensure our research to support other chemistries as they may become available. Ensure we have leadership with our core technology, without dependence on purchasing critical technology.

There can be no assurance that these initiatives and efforts will be successful.

New Product Update

During the second half of the Fiscal 2022, we introduced new product designs to respond to customer requests and to allow for greater operational efficiencies for us. Some of the improvements included higher capacities for extra-long and demanding shifts, easier servicing, cost efficiencies, and other features to solve a variety of existing performance challenges of customer operations. We intend to continue to develop and to introduce new product designs for margin enhancement, part commonality and improved serviceability.

In March 2022, we introduced three (3) new products:

Product	Description
L36 lithium-ion battery pack, a 36-volt option for 3-wheel forklifts;	The L36 addresses the 3-wheel forklift market. According to our OEM partners the 3-wheel forklift offerings are some of their best selling products. We are now strategically placed to fully address this market.
C48 lithium-ion battery pack for Automated Guided Vehicles (AGV) and Autonomous Mobile Robots (AMR); and	The improved robustness and environmental protections mean it is no longer just a solar battery, but is now being sold into tugs and other types of industrial equipment, expanding our product offerings.

S24 lithium-ion battery pack providing twice the capacity (210Ah) for Walkie Pallet Jacks for heavy duty	The S24-210Ah is a new high-capacity variant of our 'slim' walkie battery and addresses some of the toughest walkie applications in the market, giving exceptional runtime and fast recharge times when paired with an external high-powered charger.

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Overview of 2022 2023 Financing Activities

Registered Direct Offering

On September 22, 2021, we entered into a securities purchase agreement (the "Purchase Agreement") with several institutional and accredited investors (the "Purchasers"), pursuant to which we sold in a registered direct offering an aggregate of 2,142,860 shares of or Common Stock (the "Shares") and warrants to purchase up to 1,071,430 shares of our common stock (the "Warrants"), at a combined purchase price of $7.00 per share and related Warrant. The aggregate gross proceeds of the Registered Offering were approximately $15 million, before deducting placement agent fees and offering expenses (the "Registered Offering"). H.C. Wainwright & Co., LLC ("HCW" or the "Placement Agent") acted as our exclusive Placement Agent in connection with the Registered Offering and was paid a cash fee equal to 6.0% of the gross proceeds of the Registered Offering. The net proceeds from the Registered Offering, after deducting Placement Agent fees and other offering expenses, were approximately $13.7 million. The Registered Offering closed on September 27, 2021.

At-The-Market Offering

On October 16, 2020, we filed a shelf registration on Form S-3 for up to $50 million to support our ability to raise capital to support our business growth. In connection with the shelf registration statement, in December 2020, we entered into a Sales Agreement with H.C. Wainwright & Co., LLC enabling us to sell shares of our common stock in an "At-The-Market" offering from time to time. On May 27, 2021, we filed an amendment to the prospectus supplement dated December 21, 2020, allowing us to sell up to $20 million of shares under the At-The-Market offering program ("ATM Offering"). In Fiscal 2021 we sold an aggregate of 978,782 shares of common stock at an average price of $12.93 per share for gross proceeds of approximately $12.7 million in the ATM Offering, prior to deducting commissions and other offering related expenses. In Fiscal 2022, we sold an additional 190,782 shares of common stock at average price of $8.70 per share for gross proceeds of approximately $1.7 million in the ATM Offering, prior to deducting commissions and other offering related expenses. In Fiscal 2023, we sold an additional 355,309 shares of common stock at average price of $4.54 per share for gross proceeds of approximately $1.6 million in the ATM Offering, prior to deducting commissions and other offering related expenses. As of June 30, 2022 June 30, 2023, approximately $5.7 million $4.1 million remained available under the ATM Offering for future sales of our common stock.

SVB Revolving Line of Gibraltar Credit Facility

On June 23, 2022 July 28, 2023, we entered into a Second Amendment to certain Loan and Security Agreement ("Second Amendment" (the "Agreement") with Gibraltar Business Capital, LLC, a Delaware limited liability company ("GBC"). The Agreement provides us with a senior secured revolving loan facility (the "GBC Credit Facility") for up to $15 million (the "Revolving Loan Commitment"). The revolving amount available under the GBC Credit Facility is equal to the lesser of the Revolving Loan Commitment and the borrowing base amount (as defined in the Agreement). The GBC Credit Facility is evidenced by a revolving note, which matures on July 28, 2025 (the "Maturity Date"), unless extended, modified or renewed (the "Revolving Note"). Provided that there is no event of default, the Maturity Date can automatically be extended for one (1) year period upon payment of a renewal fee for each such extension in the amount of three-quarters of one percent (0.75%) of the Revolving Loan Commitment, which fee will be due and payable on or before the applicable Maturity Date. In addition, subject to conditions and terms set forth in the Agreement, the we may request an increase in the Revolving Loan Commitment from time to time upon not less than 30 days' notice to GBC which increase may be made at the sole discretion of GBC, as long as: (a) the requested increase is in a minimum amount of $1.0 million, and (b) the total increases do not exceed $5.0 million and no more than five (5) increases are made. Outstanding principal under the GBC Credit Facility accrues interest at Secured Overnight Financing Rate ("SOFR", as defined in the Agreement) plus five and one half of one percent (5.50%) per annum with such interest payment is due monthly on the last day of the month. In the event of default, the amounts due under the Agreement bears interest at a rate per annum equal to three percent (3.0%) above the rate that is otherwise applicable to such amounts. We paid GBC a non-refundable closing fee for the GBC Credit Facility of $112,500 upon the execution of the Agreement. In addition, the Company is required to pay a monthly unused line fee equal to one-half of one percent (0.50%) per annum on the difference between the Revolving Loan Commitment and the average outstanding principal balance of the revolving loan(s) for such month. The obligations under the GBC Credit Facility may be prepaid in whole or in part at any time upon an exit fee of (a) two percent (2.00%) of the Revolving Loan Commitment if the obligations are paid in full during the first year after the closing date, or (b) one percent (1.00%) of the Revolving Loan Commitment if the obligations are paid in full one year after the closing date, provided, that, the exit fee will be waived if such prepayment occurs in connection with the refinancing of the obligations with Bank of America, N.A., as lender.

Termination of Silicon Valley Bank ("SVB") LOC

In connection with the entry into the Agreement (as described above) and the repayment in full of the principal amount outstanding under SVB Credit Facility together with total accrued and unpaid interest and related fees with a portion of the funds from the GBC Credit Facility on July 28, 2023, which amended certain terms of we terminated the Loan and Security Agreement, dated as of November 9, 2020, as amended on October 29, 2021 (together with, by and among SVB and the Second Amendment, the "Agreement"), including but not limited to, (i) to increase the amount of the revolving line of credit from $6.0 million to $8.0 million (the "SVB Credit Facility"), (ii) to change the financial covenants of the Company from tangible net worth to adjusted EBITDA (as defined in the Second Amendment) on a trailing six (6) month basis and liquidity ratio certified as of the end of each month pursuant to the calculations set forth therein, and (iii) to allow for the assignment and transfer by SVB of all of its obligations, rights and benefits under the Agreement and Loan Documents (as defined in the Agreement and except for the Warrants).

We have used the SVB Credit Facility from-time-to-time. As of June 30, 2022, the outstanding balance of the revolving line of credit was approximately $4.9 million, with approximately $3.1 million of the SVB Credit Facility remained available for future draws through November 7, 2022, unless the credit facility is renewed and its term is extended prior to its expiration.

Subordinate Line of Credit

On May 11, 2022, we entered into a subordinated Credit Facility Agreement with Cleveland Capital, L.P., a Delaware limited partnership ("Cleveland"), Herndon Plant Oakley, Ltd., ("HPO"), and other lenders (together with Cleveland and HPO, the "Lenders") which provided us with a short-term line of credit (the "LOC") of not less than $3,000,000 and not more than $5,000,000, the proceeds of which are to be used by us for working capital purposes. Each Lender severally agreed to make loans (each such loan, an "Advance") up to such Lender's Commitment Amount ("Commitment Amount") to the Company from time to time, until the December 31, 2022 (the "Due Date"). Pursuant to the LOC and Form of Promissory Note, Advances made by any Lender, while outstanding, will bear an interest rate of 15.0% per annum in favor of each respective Lender.

Amount due under the LOC, if any, is due and payable on (i) the "Due Date in cash or shares of common stock of the Company (the "Common Stock") at the sole election of the Company, unless extended, or (ii) on occurrence of an event of Default (as defined in the Form of Promissory Note). The Due Date may be extended (i) at the sole election of the Company for one (1) additional year from the Due Date upon the payment of a commitment fee equal to two percent (2%) of the Commitment Amount to the Lender within thirty (30) days prior to the original Due Date, or (ii) by the Lender in writing. In addition, each Lender subordinated their respective right to payment under the LOC to SVB's indebtedness under the SVB Credit Facility. As of June 30, 2022, the Lenders' commitment was for an aggregate amount of $4,000,000, with no outstanding balance under the LOC.

In connection with entry into the LOC, we paid each Lender a one-time committee fee in cash equal to 3.5% of such Lender's Commitment Amount for an aggregate amount of $140,000. In addition, in consideration of the Lenders' commitment to provide the Advances to the Company, we issued each Lender warrants to purchase the number of shares of common stock equal to the product of (i) 160,000 shares of common stock multiplied by (ii) the ratio represented by each Lender's Commitment Amount divided by the $5,000,000 (the "Warrants"). Subject to certain ownership limitations, the Warrants became exercisable immediately from the date of issuance, and expire on the five (5) year anniversary of the date of issuance and subject to adjustments, has an exercise price of $2.53 per share. Pursuant to a selling agreement, dated as of May 11, 2022, we retained HPO as our placement agent in connection with the Credit Facility. As compensation for services rendered in conjunction with the Credit Facility, we paid HPO a finder fee equal to three percent (3%) of the Commitment Amount from each such Lender placed by HPO in cash. Company.

Segment and Related Information

We operate as a single reportable segment.

Recent Accounting Pronouncements

Management has considered all recent accounting pronouncements issued since the last audit of the Company's consolidated financial statements, and believes that these recent pronouncements will not have a material effect on the Company's condensed consolidated financial statements.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and the related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates based on its historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies and estimates affect the preparation of our financial statements:

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. The Company has not experienced collections issues related to the collection of its accounts receivable and has not recorded an allowance for doubtful accounts during the fiscal years ended June 30, 2022 June 30, 2023 and 2021. 2022.

Inventories

Inventories consist primarily of battery management systems and the related subcomponents and are stated at the lower of cost (first-in, first-out) or net realizable value. The Company evaluates inventories to determine if write-downs are necessary due to obsolescence or if the inventory levels are in excess of anticipated demand at market value based on consideration of historical sales and product development plans. The Company has no recorded an adjustment related to obsolete inventory in the amount of approximately $354,000 and $111,000 during the years year ended June 30, 2022 June 30, 2023 and 2021. 2022, respectively.

Revenue Recognition

The Company recognizes revenue in accordance to the Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606") for all contracts. The Company derives its revenue from the sale of products to customers. The Company sells its products primarily through a distribution network of equipment dealers, OEMs and battery distributors in primarily North America. The Company recognizes revenue for the products when all significant risks and rewards have been transferred to the customer, there is no continuing managerial involvement associated with ownership of the goods sold is retained, no effective control over the goods sold is retained, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transactions will flow to the Company and the costs incurred or to be incurred with respect to the transaction can be measured reliably.

Product revenue is recognized as a distinct single performance obligation which represents the point in time that our customer receives delivery of the products. Our customers do have a right to return product, but our returns have historically been minimal.

Product Warranties

The Company evaluates its exposure to product warranty obligations based on historical experience. Our products, primarily lift equipment packs, are warrantied for five years unless modified by a separate agreement. As of June 30, 2022 June 30, 2023 and 2021, 2022, the Company carried warranty liability of approximately $1,012,000 $1,600,000 and $895,000, $1,012,000, respectively, which is included in accrued expenses on the Company's consolidated balance sheets.

Stock-based Compensation

Pursuant to the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 718-10, *Compensation-Stock Compensation*, which establishes accounting for equity instruments exchanged for employee service, we utilize the Black-Scholes option pricing model to estimate the fair value of employee stock option awards at the date of grant, which requires the input of highly subjective assumptions, including expected volatility and expected life. Changes in these inputs and assumptions can materially affect the measure of estimated fair value of our share-based compensation. These assumptions are subjective and generally require significant analysis and judgment to develop. When estimating fair value, some of the assumptions will be based on, or determined from, external data and other assumptions may be derived from our historical experience with stock-based payment arrangements. The appropriate weight to place on historical experience is a matter of judgment, based on relevant facts and circumstances.

Common stock or equity instruments such as warrants issued for services to non-employees are valued at their estimated fair value at the measurement date (the date when a firm commitment for performance of the services is reached, typically the date of issuance, or when performance is complete). If the total value exceeds the par value of the stock issued, the value in excess of the par value is added to the additional paid-in-capital.

Recently Adopted Accounting Pronouncements

The Company did not adopt any new accounting pronouncements for the year ended June 30, 2022 June 30, 2023.

Results of Operations

Comparison of Results of Operations of the Fiscal Years ended June 30, 2022 Ended June 30, 2023 and 2021 2022

The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this Annual Report.

The following table represents our statement of operations for the fiscal years ended June 30, 2023 (“Fiscal 2023”) and June 30, 2022 (“Fiscal 2022”) and June 30, 2021 (“Fiscal 2021”).

	Year Ended June 30, 2022		Year Ended June 30, 2021	
	$	% of Revenues	$	% of Revenues
Revenues	$ 42,333,000	100 %	$ 26,257,000	100
Cost of sales	35,034,000	83 %	20,467,000	78
Gross profit	7,299,000	17 %	5,790,000	22
Operating expenses:				
Selling and administrative	15,515,000	37 %	12,599,000	48
Research and development	7,141,000	17 %	6,669,000	25
Total operating expenses	22,656,000	54 %	19,268,000	73
Operating loss	(15,357,000)	-36 %	(13,478,000)	-51
Other income (expense):				
Other income	-	- %	1,307,000	4
Interest expense	(252,000)	-1 %	(622,000)	-2
Net loss	$ (15,609,000)	-37 %	$ (12,793,000)	-49

	Year Ended June 30, 2023		Year Ended June 30, 2022	
	$	% of Revenues	$	% of Revenues
Revenues	$ 66,337,000	100 %	$ 42,333,000	100
Cost of sales	49,237,000	74 %	35,034,000	83
Gross profit	17,100,000	26 %	7,299,000	17
Operating expenses:				
Selling and administrative	17,620,000	28 %	15,515,000	37
Research and development	4,890,000	7 %	7,141,000	17
Total operating expenses	22,510,000	35 %	22,656,000	54
Operating loss	(5,410,000)	-8 %	(15,357,000)	-36
Other income (expense):				
Other income	8,000	- %	-	-
Interest expense	(1,339,000)	-2 %	(252,000)	-1
Net loss	$ (6,741,000)	-10 %	$ (15,609,000)	-37

Revenues

Historically our product focus has been on lift equipment, reflecting a mix of walkie pallet jacks and higher capacity packs for Class 1, 2, and 3 forklifts. Over the past two years, we expanded our product offering into adjacent applications, including airport GSE, stationary energy storage and other solutions for industrial and commercial applications. The launch of larger packs over the past two years has shifted our portfolio mix to include packs with higher selling prices as compared to our historical mix. We believe that we are well positioned to address the needs of many segments within the material handling sector in light of our modular and scalable battery pack design coupled with our proprietary battery management system that can be coupled with our telemetry based "SkyBMS" product offering.

We sell our products through a number of several different channels including OEMs, lift equipment dealers and battery distributors as well as directly to end users, primarily in North America. The channels sell principally to large company, national accounts. We sell certain battery packs directly to other accounts including industrial equipment manufacturers and end users.

Revenues for Fiscal 2022 2023 increased $16,076,000 $24,004,000 or 61% 57%, to $42,333,000, $66,337,000, compared to $26,257,000 $42,333,000 for Fiscal 2021. 2022. The increase in revenues was due to sales of energy storage solutions with higher average selling prices and a higher volume of units sold. sold, driven by significant increases in GSE sales. The increase in revenues included both greater sales to existing and new Material Handling customers as well as initialan increase in GSE sales. Additionally, we further diversified our sales to new customers. channels, and saw considerable volume and price improvement in GSE sales as domestic airlines resumed operations with a reinvigorated focus on sustainably scaling their own operations with our environmentally friendly and cost-effective solutions.

Cost of Sales

Cost of sales for Fiscal 2022 2023 increased $14,567,000 $14,203,000 or 71% 41%, to $35,034,000, $49,237,000, compared to $20,467,000 $35,034,000 for Fiscal 2021. 2022. The increase in cost of sales was directly associated with higher sales of energy storage solutions, as well as increased costs partially offset by lower average cost of steel, electronic parts, and common off sales per unit achieved during the shelf parts chiefly current year as a result of the our gross margin improvement initiatives, including design enhancements to lower cost, improve serviceability, simplify bill of materials and supply chain interruptions. initiatives to improve inventory turns and create part commonality across multiple product line.Cost of sales as a percentage of revenues for Fiscal 2022 2023 was 83% 74%, an increase a decrease of 5 9 percentage points, over 78% compared to 83% for the Fiscal 2021. 2022.

Gross Profit

Gross profit for Fiscal 2022 2023 increased $1,509,000 $9,801,000 or 26% 134%, to $7,299,000, $17,100,000, compared to $5,790,000 $7,299,000 for the Fiscal 2021. 2022. The gross profit margin (gross profit expressed as a percent percentage of revenues) decreased increased to 17% 26% for Fiscal 2022 2023 compared to 22% 17% for Fiscal 2021. 2022. Gross profit was negatively impacted improved by 9 percentage points as a result of a higher costs for steel, electronic parts, volume of units sold with a higher selling price and common off lower cost of sales as a result of the shelf parts during Fiscal 2022, partially offset by higher revenues associated with increased sales of energy storage solutions. gross margin improvement initiatives as noted above.

Selling and Administrative

Selling and administrative expenses for Fiscal 2022 2023 increased $2,916,000 $2,105,000 or 23% 14%, to $15,515,000, $17,620,000, compared to $12,599,000 $15,515,000 for Fiscal 2021. 2022.The increase was primarily attributable to increases in personnel expenses related to new hires and temporary labor, of approximately $1,400,000, severance expenses incurred, and recruiting costs, and increases in depreciation expense, outbound shipping costs, of $248,000, insurance premiums, of $440,000, travel expenses, marketing expenses, of $273,000, depreciation expense of $301,000, travel expenses of $153,000, facility and facilities related expenses of $131,000, bad debt expense of $76,000, and total other administrative operating expenses of $218,000, costs, partially offset by decreases in commissions, bad debt expenses, consulting fees, public relations expenses, and stock-based compensation of $49,000 and accounting and legal expenses of $226,000. compensation.

Research and Development

Research and development expenses for Fiscal 2022 increased $472,000 2023 decreased $2,251,000 or 7% 32%, to $7,141,000, $4,890,000, compared to $6,669,000 $7,141,000 for Fiscal 2021. 2022. Such expenses consisted primarily of materials, supplies, salaries and personnel related expenses, product testing, consulting, and other expenses associated with revisions to existing product designs and new product development. The increase decrease in research and development expenses was primarily due to lower staff related expenses and expenses related to development of new products and UL certifications of approximately $233,000, higher personnel expenses related to new hires and temporary labor of $204,000, travel expenses of $15,000, and facility related expenses of $58,000, partially offset by a decrease in stock-based compensation of $33,000. products.

Other Income

Other income for Fiscal 2021 represented the forgiveness of the entire PPP Loan of approximately $1,297,000 in principal, together with all accrued interest of approximately $10,000. The Small Business Administration notified us that our loan and accrued interest had been forgiven on February 9, 2021.

Interest Expense

Interest expense for Fiscal 2022 decreased $370,000 2023 increased $1,087,000 or 59% 431%, to $252,000, $1,339,000, compared to $622,000 $252,000 for Fiscal 2021. Interest 2022. The increase in interest expense was primarily due to higher average balances outstanding of our SVB Credit Facility and higher interest rates, as well as recording of approximately $482,000 of debt issuance costs amortization related to our outstanding existing lines of credit and convertible promissory note. Also included in interest expense during Fiscal 2021 was additional interest expense of approximately $174,000 representing the amortization of debt discount related to Cleveland Loan that was paid off during Fiscal 2021. credit.

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Net Loss

Net loss during Fiscal 2022 increased $2,816,000 2023 decreased $8,868,000 or 22% 57%, to $15,609,000 $6,741,000 compared to $12,793,000 $15,609,000 for Fiscal 2021. 2022. The higher lower net loss for Fiscal 2022 2023 was primarily attributable to increased gross profit, partially offset by increased operating expenses and decreased other income, partially offset by an increase in gross profit and a decrease in higher interest expense.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA is calculated taking net income and adding back the expenses related to interest, income taxes, depreciation, amortization, and stock-based compensation, each of which has been calculated in accordance with GAAP. Adjusted EBITDA was a loss of approximately $14,071,000 $3,705,000 for the Fiscal 2022 2023 compared to a loss of $11,100,000 $14,071,000 for the Fiscal 2021. 2022.

Management believes that Adjusted EBITDA, when viewed with our results under GAAP and the accompanying reconciliations, provides useful information about our period-over-period results. Adjusted EBITDA is presented because management believes it provides additional information with respect to the performance of our fundamental business activities and is also frequently used by securities analysts, investors and other interested parties in the evaluation of comparable companies. We also rely on Adjusted EBITDA as a primary measure to review and assess the operating performance of our company and our management team.

As Adjusted EBITDA is a non-GAAP financial measure, it should not be construed as superior to or a substitute for Net income (loss) (as determined in accordance with GAAP) for the purpose of analyzing our operating performance or financial position.

A reconciliation of our Adjusted EBITDA to Net loss is included in the table below:

	Years Ended June 30,	
	2022	2021
Net loss	$ (15,609,000)	$ (12,793,000)
Interest, net	252,000	622,000
Income tax provision	-	-
Depreciation and amortization	575,000	274,000
EBITDA	(14,782,000)	(11,897,000)
Stock-based compensation	711,000	797,000
Adjusted EBITDA	$ (14,071,000)	$ (11,100,000)

	Years Ended June 30,	
	2023	2022
Net loss	$ (6,741,000)	$ (15,609,000)
Interest, net	1,339,000	252,000
Income tax provision	-	-
Depreciation and amortization	899,000	575,000
EBITDA	(4,503,000)	(14,782,000)
Stock-based compensation	798,000	711,000
Adjusted EBITDA	$ (3,705,000)	$ (14,071,000)

Liquidity and Capital Resources

Overview

As of June 30, 2022 June 30, 2023, we had a cash balance of $485,000 $2.4 million and an accumulated deficit of $81,814,000. $88.6 million. For the year ended June 30, 2022 June 30, 2023, we had negative cash flow from operations of $23.9 million $3.6 million. Historically our business has not generated sufficient cash to fund our operations. However, based on our ability to recognize revenue from our existing backlog and customer orders, we anticipate increased revenues, along together with the planned improvements in our gross margin, over the next twelve (12) months. will move us closer to profitability. Our planned gross margin improvement tasks include, but is are not limited to, a plan to drive bill of material costs down while increasing price of our products for new orders. We have received new orders in fiscal year ended June 30, 2022, Fiscal 2023, of approximately $65 million $59.9 million and believe through conversations with our customers that our anticipation of continued increase of new order increases orders is probable. reasonable.

We believe that our existing cash, together with $3.2 million $4.0 million that currently remains available under our $8.0 million $15.0 million revolving line of credit with Silicon Valley Bank Gibraltar Business Capital ("SVB GBC Credit Facility"), and $4.0 million available under the subordinated line of credit ("Subordinated LOC") as of September 12, 2022 September 8, 2023, will be sufficient to meet our anticipated capital resources to fund planned operations for the next twelve (12) months. See "Future Liquidity Needs" below.

Cash Flow Summary

	Year Ended June 30,	
	2022	2021
Net cash used in operating activities	$ (23,893,000)	$ (18,358,000)
Net cash used in investing activities	(797,000)	(1,102,000)
Net cash provided by financing activities	20,462,000	23,447,000
Net change in cash	$ (4,228,000)	$ 3,987,000

	Year Ended June 30,	
	2023	2022
Net cash used in operating activities	$ (3,574,000)	$ (23,893,000)
Net cash used in investing activities	(1,024,000)	(797,000)
Net cash provided by financing activities	6,492,000	20,462,000
Net change in cash	$ 1,894,000	$ (4,228,000)

Operating Activities

Net cash used in operating activities was $23,893,000 $3,574,000 for Fiscal 2022, 2023, compared to net cash used in operating activities of $18,358,000 $23,893,000 for Fiscal 2021. 2022. The primary usages of cash for the Fiscal 2023 were the net loss of $6,741,000 and increases in inventory, office lease payable, customer deposits, and other assets, that were partially offset by non-cash operating costs, and increases in accounts payable and accrued expenses. The primary usages of cash for the Fiscal 2022 were the net loss of $15,609,000, and increases in accounts receivable, inventory, and other assets, and decreases in accounts payable, accrued expenses and office lease payable, that were partially offset by increases in customer deposits, deferred revenue and non-cash operating costs. The primary usages of cash for the Fiscal 2021 were the net loss of $12,793,000, increases in accounts receivable, inventory, and other assets, and decreases in customer deposits, amount due to factoring facility, accrued interest, and office lease payable, that were partially offset by increases in accounts payable, accrued expenses, deferred revenue, and non-cash operating costs.

Investing Activities

Net cash used in investing activities for Fiscal 2023 was $1,024,000 and consisted primarily of the costs of purchase of furniture and office equipment, warehouse equipment and other related costs.

Net cash used in investing activities for Fiscal 2022 was $797,000 and consisted primarily of the costs of internally developed software, purchase of furniture and office equipment, and warehouse equipment.

Net cash used in investing activities for Fiscal 2021 was $1,102,000 and consisted primarily of the costs of internally developed software, and purchases of furniture and office equipment, computer software, warehouse equipment and warehouse equipment. other related costs.

Financing Activities

Net cash provided by financing activities was $6,492,000 for Fiscal 2023, which primarily consisted of $5,023,000 in net borrowings under the SVB Credit Facility, and $1,556,000 in net proceeds from sales of common stock under our ATM offering.

Net cash provided by financing activities was $20,462,000 for Fiscal 2022, and primarily consisted of $13,971,000 in net proceeds from the issuance of common stock in the a registered offering completed in September 2021, $4,889,000 in net borrowings under the SVB Credit Facility, and $1,602,000 in net proceeds from sales of common stock under our ATM Offering.

Net cash provided by financing activities was $23,447,000 for the Fiscal 2021, and primarily consisted of $10,698,000 in net proceeds from issuances of common stock in the public offering completed in August 2020, $3,200,000 from a private placement completed in July 2021, $12,102,000 in net proceeds from sales of common stock under our ATM Offering, and $55,000 proceeds from stock option and warrant exercises, which were partially offset by $2,580,000 in payments of outstanding related party borrowings, and $28,000 in payment of financing lease payable.

Future Liquidity Needs

We have evaluated our expected cash requirements over the next twelve (12) months, which include, but are not limited to, investments in additional sales and marketing and research and development, capital expenditures, and working capital requirements. We As of September 8, 2023, we believe that our existing cash and additional of $1.8 million, cash from our future operations, funding available under our SVB $15.0 million GBC Credit Facility, combined with under which $4.0 million is currently available, funds available to us under our Subordinated LOC of up to $4.0 million, along with the forecasted improvement in the gross margin will be sufficient to meet our anticipated capital resources enable us to fund our planned operations for at least the next twelve (12) months. As of September 12, 2022 September 8, 2023, $3.2 million $4.1 million remained available under our existing ATM Offering that may be utilized subject to the SVB Credit Facility volume of trading of our shares, the price of our stock, market conditions, and $4.0 million was available for future draws under effectiveness of the Subordinated LOC. registration statement. In addition, to support our operations and anticipated growth, we intend to continue our efforts to explore alternatives to secure additional capital from a variety of current and new sources including, but not limited to, sales of our equity securities. We also continue to execute our cost reduction, sourcing, and pricing recovery initiatives in efforts to increase our gross margins margin and improve cash flow from operations.

Although management believes that our existing cash and the additional funding sources currently available to us under the lines of credit are sufficient to fund planned operations for the next twelve (12) months, this is dependent our ability to successfully maintain and draw on our credit facilities. Our ability to draw funds from the line of credit GBC Credit Facility are subject to certain restrictions and covenants. If we are unable to meet the conditions provided in the loan documents, the funds will not be available to us. In addition, should there be any delays in the receipts of key component parts, due in part to supply change chain disruptions, our ability to fulfil fulfill the backlog of sales orders will be negatively impacted resulting in lower availability of cash resources from operations. In that event, we may be required to raise additional funds by issuing equity or convertible debt securities. If such funds are not available when required, management will be required to curtail investments in additional sales and marketing and product development, which may have a material adverse effect on future cash flows and results of operations. In addition, any unforeseen factors in the general economy beyond management's control could potentially have negative impact on the planned gross margin improvement plan.

In the event we are required to obtain additional funds, there is no guarantee that additional funds will be available on a timely basis or on acceptable terms. To the extent that we raise additional funds by issuing equity or convertible debt securities, our stockholders may experience additional dilution and such financing may involve restrictive covenants.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item begin on page F-1 with the index to financial statements followed by the financial statements.

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A - CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, as of the end of the period covered by this report, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) 13a-15(f) and 15d-15(e) 15d-15(f) under the Securities Act of 1934. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be included in our SEC reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, relating to the Company, including our consolidated subsidiaries, and was made known to them by others within those entities, particularly during the period when this report was being prepared. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of June 30, 2022 June 30, 2023 because of the material weaknesses weakness identified in our internal controls over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) a process designed under the Exchange Act. As supervision of June 30, 2022, the Company's principal executive officer and principal financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurances with respect to financial statement preparation and presentation. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of management, assessed including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of the Company's our internal control over financial reporting based on the criteria for effective internal control over financial reporting established framework in "Internal Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). A Material weakness is a control deficiency (within (2013 framework) and subsequent guidance prepared by the meaning Commission specifically for smaller public companies as of Public Company Accounting Oversight Board (United States) Auditing Standard No. 2) or a combination of control deficiencies that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. June 30, 2023. Based on such assessment, that evaluation, our management concluded that as of June 30, 2022, our internal control over financial reporting was not effective. Management has effective as of June 30,2023 due to an identified material weakness as a result of not having sufficient personnel resources with technical accounting expertise related to certain aspects of the following material weakness:

- Ineffective oversight of the Company's internal control over financial reporting and lack of sufficient review and approval of the underlying data used in the calculation of warranty reserve.

Planned Remediation

We are implementing financial reporting process. Until such time as we could have additional resources with such level of technical accounting expertise, management intends to implement measures designed to improve our internal control over financial reporting to remediate material weaknesses, including the following:

- We are implementing additional control procedures to strengthen the oversight of the Company's internal control over financial reporting through review and sign off by the senior management of all significant assumptions and estimates being used and the underlying the data used in producing financial schedules/estimates and financial reporting. We are also adding a second level of review and approval for all manual journal entries for significant estimates and assumptions made by management.

use of third-party consultants and accounting experts.

This Annual Report on Form 10-K does not include an attestation report of the Company's independent registered public accounting firm regarding the effectiveness of the Company's internal control over financial reporting, as such report is not required due to the Company's status as a smaller reporting company.

Change in Internal Control over Financial Reporting

Except as discussed above, there have been no changes in the Company's internal controls over financial reporting during the fiscal quarter ended June 30, 2022June 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B - OTHER INFORMATION

None.

ITEM 9C - DISCLOSURE REGARDING FOREIGN JURISDICTION THAT PREVENTS INSPECTIONS

Not Applicable.

PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers and Significant Employees

The following table and text set forth the names and ages of our current directors, executive officers and significant employees as of September 12, 2022 September 8, 2023. Our Board of Directors is comprised of only one class. All of the directors will serve until the next annual meeting of stockholders or until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. There are no family relationships among any of the directors and executive officers. From time to time, our directors have received compensation in the form of cash and equity grant for their services on the Board.

Name	Age	Position
Ronald F. Dutt	75 76	Director, Chief Executive Officer and President
Charles A. Scheiwe	56 57	Chief Financial Officer and Secretary
Jeffrey C. Mason(5)	52	Vice President of Operations
Michael Johnson	74 75	Director
Lisa Walters-Hoffert(1)(2)	64 65	Director
Dale T. Robinette(1)(3)	58 59	Director
Cheemin Bo-Linn (1)(4)	68 69	Director

(1) Independent Director

(2) Chairperson of the Audit Committee, Member of the Compensation Committee and the Nominating and Governance Committee

(3) Lead Independent Director, Chairperson of the Compensation Committee, Member of the Audit Committee and the Nominating and Governance Committee

(4) Ms. Bo-Linn was appointed to the Board on January 14, 2022. Ms. Bo-Linn is the Chairperson of the Nominating and Corporate Governance Committee, ("Governance Committee") and a Member of the Audit Committee and the Compensation Committee.

(5) On November 7, 2022, Mr. Mason's position was expanded to include additional Company authority and delegation.

There are no arrangements or understandings between our directors and executive officers and any other person pursuant to which any director or officer was or is to be selected as a director or officer.

Business Experience

Ronald F. Dutt, , Chairman, Chief Executive Officer, President, and Director. Mr. Dutt has been our chief executive officer, former interim chief financial officer and director since March 19, 2014. He became our chairman on June 28, 2019. On September 19, 2017, he was also appointed as our president, chief financial officer and corporate secretary. He resigned as chief financial officer and corporate secretary as of December 16, 2018. Previously, he was our chief financial officer since December 7, 2012, and our interim chief executive officer since June 28, 2013. Mr. Dutt has served as the Company's interim corporate secretary since June 28, 2013. Prior to Flux Power, Mr. Dutt provided chief financial officer and chief operating officer consulting services during 2008 through 2012. In this capacity Mr. Dutt provided financial consulting, including strategic business modeling and managed operations. Prior to 2008, Mr. Dutt served in several capacities as executive vice president, chief financial officer and treasurer for various public and private companies including SOLA International, Directed Electronics, Fritz Companies, DHL Americas, Aptera Motors, Inc., and Visa International. Mr. Dutt holds an MBA in Finance from University of Washington and an undergraduate degree in Chemistry from the University of North Carolina. Additionally, Mr. Dutt served in the United States Navy and received an honorable discharge as a Lieutenant.

Charles A. Scheiwe, Chief Financial Officer and Secretary. Mr. Scheiwe joined the Company in July of 2018 and has been acting as the Company's Controller since July 9, 2018. He was appointed as our chief financial officer and secretary on December 17, 2018. Prior to joining the Company, Mr. Scheiwe was the controller of Senstay, Inc. and provided financial and accounting consulting services to start-up companies from 2016 to 2018. From 2006 to 2016, Mr. Scheiwe was the vice president of finance and controller for GreatCall, Inc. Mr. Scheiwe's experience in accounting, financial planning and analysis, business intelligence, cash management, and equity management has prepared and qualified him for the position of chief financial officer and secretary of the Company. Mr. Scheiwe has a Bachelor of Science degree in Business Management, with emphasis in Accounting, from the University of Colorado. Mr. Scheiwe also holds a CPA certificate.

Jeffrey C. Mason, Vice President of Operations. Mr. Mason served as the Director of Manufacturing of the Company from January 2021 to December 2021, and Vice President of Operations since December 2021. On November 7, 2022, Mr. Mason's position was expanded to include additional Company authority and delegation. Prior to joining the Company, Mr. Mason was the plant manager at NEO Tech from March 2017 to January 2021 after being promoted from Director of Operations from December 2013 to March 2017. Mr. Mason has also worked for Sumitomo Electric Interconnect Products, Inc., Radio Design Labs, Inc., and Motorola Inc. during his career. Mr. Mason received his Master of Business Administration in International Business in 2015 and his Bachelor of Business Administration/Management in 2013 from North Central University. Mr. Mason is also Total Productive Maintenance (TPM) Instructor Certified by the Japan Institute of Plant Maintenance, Tokyo, Japan.

Michael Johnson, Director. Mr. Johnson has been our director since July 12, 2012. Mr. Johnson has been a director of Flux Power since it was incorporated. Since 2002, Mr. Johnson has been a director and the chief executive officer of Esenjay Petroleum Corporation (Esenjay Petroleum), a Delaware company located in Corpus Christi, Texas, which is engaged in the business oil exploration and production. Mr. Johnson's primary responsibility at Esenjay Petroleum is to manage the business and company as chief executive officer. Mr. Johnson is a director and beneficial owner of Esenjay Investments LLC, a Delaware limited liability company engaged in the business of investing in companies, and an affiliate of the Company owning approximately 28.0% 27.5% of our outstanding shares, including common stock underlying options, and warrants that were exercisable or convertible or which would become exercisable or convertible within sixty (60) days. As a result of Mr. Johnson's leadership and business experience, he is an industry expert in the natural gas exploration industry and brings a wealth of management and successful company building experience to the board. Mr. Johnson received a Bachelor of Science degree in mechanical engineering from the University of Southwestern Louisiana.

Lisa Walters-Hoffert, Director. Ms. Walters-Hoffert was appointed to our Board on June 28, 2019. Ms. Walters-Hoffert was a co-founder of Daré Bioscience, Inc. and following the company's merger with Cerulean Pharma, Inc. in July of 2017, became Chief Financial Officer of the surviving public company (NASDAQ: DARE). For over twenty-five (25) years, Ms. Walters-Hoffert was an investment banker focused on small-cap public companies in the technology and life science sectors. From 2003 to 2015, Ms. Walters-Hoffert worked at Roth Capital Partners as Managing Director in the Investment Banking Division. Ms. Walters-Hoffert has held various positions in the corporate finance and investment banking divisions of Citicorp Securities in San José, Costa Rica and Oppenheimer & Co, Inc. in New York City, New York. Ms. Walters-Hoffert has served as a member of the Board of Directors of the San Diego Venture Group, as Past Chair of the UCSD Librarian's Advisory Board, and as Past Chair of the Board of Directors of Planned Parenthood of the Pacific Southwest. Ms. Walters-Hoffert currently serves as a member of the Board of Directors of The Elementary Institute of Science in San Diego. Ms. Walters-Hoffert graduated magna cum laude from Duke University with a B.S. in Management Sciences. As a senior financial executive with over twenty-five years of experience in investment banking and corporate finance and based on Ms. Walters-Hoffert's expertise in audit, compliance, valuation, equity finance, mergers, and corporate strategy, the Company believes Ms. Walters-Hoffert is qualified to be on the Board.

Dale T. Robinette, Director. Mr. Robinette was appointed to our Board on June 28, 2019 and our lead independent director on September 10, 2021. Mr. Robinette has been a CEO Coach and Master Chair since 2013 as an independent contractor to Vistage Worldwide, Inc., an executive coaching company. In addition, since 2013 Mr. Robinette has been providing business consulting related to top-line growth and bottom-line improvement through his company EPIQ Development. From 2013 to 2019, Mr. Robinette was the Founder and CEO of EPIQ Space, a marketing website for the satellite industry, a member-based community of suppliers promoting their offerings. Mr. Robinette was with Peregrine Semiconductor, Inc., (known today as PSEMI, a division of Murata Manufacturing Co Ltd.), a manufacturer of high-performance RF CMOS integrated circuits, from 2007 to 2013 in two roles as a Director of Worldwide Sales as well as the Director of the High Reliability Business Unit. Mr. Robinette started his career from 1991 to 2007 at Tyco Electronics Ltd. (known today as TE Connectivity Ltd.), a passive electronics manufacturer, in various sales, sales leadership and product development leadership roles. Mr. Robinette received a Bachelor of Science degree in Business Administration, Marketing from San Diego State University. Based on the above qualifications, the Company believes Mr. Robinette is qualified to be on the Board.

Cheemin Bo-Linn, Director. Ms. Dr. Bo-Linn was appointed to our board the Board of Directors on January 14, 2022. Ms. Bo-Linn is currently a director of Data I/O Corp (Nasdaq: DAIO), a company in advanced security and data deployment, since December 2021, as a director KORE Group Holdings, Inc. (NYSE: KORE), an Internet of Things ("IoT") solutions and connectivity-as-a-service company since October 2021, and as a director of Blackline Safety Corp. (TSX: BLN), a Canadian public company specializing in advanced security and data deployment, since November 2020. In addition, Ms. Bo-Linn She was the Chief Executive Officer CEO of Peritus Partners, Inc., a global valuation accelerator and information technology operations and consulting company from 2013 through 1Q2023. Her Board of Director experience spans Canada, the United States, and Australia, with Board leadership positions from Lead Independent Director to 2022. Ms. Bo-Linn experience include 20+ years Committee Chair of every major committee (Audit, Compensation, Nomination/Governance) and Chair of Technology, Cybersecurity, and Sustainability, across eight prior public companies and multiple privates. She held various executive and President roles in multiple senior executive companies including Vice-President of IBM Corporation. Her C-suite and Board roles with International include the lithium, ecommerce, manufacturing and distribution, technology, healthcare, construction, software, and marketing sectors. Bo-Linn was named The Financial Times 2021 "Top 100 Diverse Directors", NACD's (National Association of Corporate Directors') "Top 50 Directors," and inducted into the "Hall of Fame for Women in Technology." Thru 2019, she was Visiting Professor on digital tech (AI, data analytics, cybersecurity) and marketing at the joint Columbia University, London School of Business Machines Corporation (NYSE: IBM), including leading global teams as IBM's Vice-President, and University of Hong Kong EMBA/MBA program. She has also held C-suite roles or board positions been invited to speak at small to midcap public the United Nations, Dow Jones, and private companies. Ms. Bo-Linn holds a British Chamber. She earned her Doctorate Degree (EdD) in Education in "Computer-based Management Computer based Information Systems and Organizational Change" Change from the University of Houston. The Board believes that Dr. Bo-Linn's extensive senior executive management and board experience in private and public companies qualifies her to serve on the Board of Directors.

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Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past ten years, none of our directors or executive officers were involved in any of the following: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Board Leadership Structure and Role in Risk Oversight

Our Board of Directors ("Board") recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure to provide independent oversight of management. Our Board is currently led by a Chairman of the Board who also serves as our Chief Executive Officer. The Board understands that the right Board leadership structure may vary depending on the circumstances, and our independent directors periodically assess these roles and the Board leadership to ensure the leadership structure best serves the interests of the Company and stockholders.

On September 10, 2021, the Board adopted the Lead Independent Director Guidelines ("Guidelines.). The Guidelines provide that when the positions of Chief Executive Officer and Chairman of the Board are combined or the Chairman is not an independent director, the independent directors will appoint a lead independent director to serve with the authority and responsibility described in such Guidelines, and as the Board and/or the independent directors may determine from time to time. The Guidelines are available on our website at www.fluxpower.com.

Mr. Dutt currently holds the Chairman and Chief Executive Officer roles. Mr. Robinette currently serves as the Lead Independent Director elected by the majority of the Board on September 10, 2021.

The responsibilities of the Lead Independent Director include, among others: (i) serving as primary intermediary between non-employee directors and management; (ii) working with the Chairman of the Board to approve the agenda and meeting schedules for the Board; (iii) working with the Chairman of the Board as to the quality, quantity and timeliness of the information provided to directors; (iv) in consultation with the Nominating and Governance Committee, reviewing and reporting on the results of the Board and Committee performance self-evaluations; (v) calling additional meetings of independent directors; and (vi) serving as liaison for consultation and communication with stockholders.

We believe the current leadership structure, with combined Chairman and Chief Executive Officer roles and a Lead Independent Director, best serves the Company and its stockholders at this time. Mr. Robinette possesses understanding and knowledge of the business and affairs of the Company and has the ability to devote a substantial amount of time to serve in this capacity. In addition, we believe having one leader serving as both the Chairman and Chief Executive Officer provides decisive, consistent and effective leadership, as well as clear accountability to our stockholders and customers. This enhances our ability to communicate our message and strategy clearly and consistently to our stockholders, employees, customers and suppliers. The Board believes the appointment of a strong Lead Independent Director and the use of regular executive sessions of the non-management directors, along with a majority the Board being composed of independent directors, allow it to maintain effective oversight of management. We believe that the combination of the Chairman and Chief Executive Officer roles is appropriate in the current circumstances and, based on the relevant facts and circumstances, separation of these offices would not serve our best interests and the best interests of our stockholders at this time.

In addition, our Board as a whole has responsibility for risk oversight. Our Board exercises this risk oversight responsibility directly and through its committees. The risk oversight responsibility of our Board and its committees is informed by reports from our management teams to provide visibility to our Board about the identification, assessment and management of key risks, and our management's risk mitigation strategies. Our Board has primary responsibility for evaluating strategic and operational risk, including related to significant transactions. Our audit committee has primary responsibility for overseeing our major financial and accounting risk exposures, and, among other things, discusses guidelines and policies with respect to assessing and managing risk with management and our independent auditor. Our compensation committee has responsibility for evaluating risks arising from our compensation and people policies and practices. Our nominating and corporate governance committee has responsibility for evaluating risks relating to our corporate governance practices. Our committees and management provide reports to our Board on these matters.

In its governance role, and particularly in exercising its duty of care and diligence, our Board is responsible for ensuring that appropriate risk management policies and procedures are in place to protect the Company's assets and business. Our Board has broad and ultimate oversight responsibility for our risk management processes and programs and executive management is responsible for the day-to-day evaluation and management of risks to the Company.

Board of Directors Diversity

Our Board of Directors is committed to fostering a diversity of backgrounds and perspectives so that our Board of Directors positions our company for the future. The members of our Board of Directors represent a mix of ages, genders, races, ethnicities, geographies, cultures, and other perspectives that we believe expand our Board of Directors' understanding of the needs and viewpoints of our partners, employees, stockholders, and other stakeholders. The matrix below provides certain information regarding the composition of our Board of Directors as of the date of this report. Each of the categories listed in the below table has the meaning as it is used in Nasdaq Stock Market Rule 5605(f).

Board Diversity Matrix (as of September 8, 2023)

Total Number of Directors	5	
	Female	**Male**
Part I: Gender Identity		
Directors	2	3
Part II: Demographic Background		
Asian	1	0
White	1	3
LGBTQ+	1	

Board Composition, Committees and Independence

Under the rules of NASDAQ, "independent" directors must make up a majority of a listed company's Board of Directors. In addition, applicable NASDAQ rules require that, subject to specified exceptions, each member of a listed company's audit and compensation committees be independent within the meaning of the applicable NASDAQ rules. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act.

Our Board has undertaken a review of the independence of each director and considered whether any director has a material relationship with us that could compromise the director's ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our Board determined that Ms. Walters-Hoffert, Ms. Bo-Linn and Mr. Robinette are independent directors as defined in the listing standards of NASDAQ and SEC rules and regulations. A majority of our directors are independent, as required under applicable NASDAQ rules. As required under applicable NASDAQ rules, our independent directors will meet in regularly scheduled executive sessions at which only independent directors are present.

Board Committees

Our Board has established an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee. The composition and responsibilities of each of the committees is described below.

Audit Committee

The Audit Committee of the Board of Directors currently consists of three independent directors of which at least one, the Chairman Chairperson of the Audit Committee, qualifies as a qualified financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. Ms. Walters-Hoffert is the Chairperson of the Audit Committee and financial expert, expert. Dr. Bo-Linn and Mr. Robinette and Ms. Bo-Linn are the other directors who are members of the Audit Committee. The Audit Committee's duties are to recommend to our Board of Directors the engagement of the independent registered public accounting firm to audit our consolidated financial statements and to review our accounting and auditing principles. The Audit Committee reviews the scope, timing and fees for the annual audit and the results of audit examinations performed by any internal auditors and independent public accountants, including their recommendations to improve the system of accounting and internal controls. The Audit Committee will at all times be composed exclusively of directors who are, in the opinion of our Board of Directors, free from any relationship that would interfere with the exercise of independent judgment as a committee member and who possess an understanding of consolidated financial statements and generally accepted accounting principles. Our Audit Committee operates under a written charter, which is available on our website at www.fluxpower.com.

Compensation Committee

The Compensation Committee currently consists of three independent directors. The Compensation Committee establishes our executive compensation policy, determines the salary and bonuses of our executive officers and recommends to the Board stock option grants or other incentive equity awards for our executive officers. Mr. Robinette is the Chairperson of the Compensation Committee, and Ms. Walters-Hoffert and Ms. Dr. Bo-Linn are members of the Compensation Committee. Each of the members of our Compensation Committee are independent under NASDAQ's independence standards for compensation committee members. Our chief executive officer often makes recommendations to the Compensation Committee and the Board concerning compensation of other executive officers. The Compensation Committee seeks input on certain compensation policies from the chief executive officer. Our Compensation Committee operates under a written charter, which is available on our website at www.fluxpower.com.

Nominating and Governance Committee

The Nominating and Governance Committee currently consists of three independent directors. The Nominating and Governance Committee is responsible for matters relating to the corporate governance of our Company and the nomination of members of the Board and committees of the Board. Ms. Dr. Bo-Linn is the Chairperson of the Nominating and Governance Committee, and Committee. Ms. Walters-Hoffert and Mr. Robinette are members. members of the Nominating and Governance Committee. Each of the members of our Nominating and Governance Committee is independent under NASDAQ's independence standards. The Nominating and Governance Committee operates under a written charter, which was amended on January 14, 2022. The Amended Nominating and Corporate Governance Committee Charter is available on our website at www.fluxpower.com.

We seek directors with established strong professional reputations and experience in areas relevant to the strategy and operations of our business. We seek directors who possess the qualities of integrity and candor, who have strong analytical skills and who are willing to engage management and each other in a constructive and collaborative fashion. We also seek directors who have the ability and commitment to devote significant time and energy to serve on the Board and its committees. We believe that all of our directors meet the foregoing qualifications. We do not have a formal policy with respect to diversity.

Code of Business Conduct and Ethics

Our Board has adopted a Code of Business Conduct and Ethics (the "Code") that applies to all of our directors, officers, and employees. Any waivers of any provision of this Code for our directors or officers may be granted only by the Board or a committee appointed by the Board. Any waivers of any provisions of this Code for an employee or a representative may be granted only by our chief executive officer or principal accounting officer. We have filed a copy of the Code with the SEC and have made it available on our website at https://www.fluxpower.com/corporate-governance. In addition, we will provide any person, without charge, a copy of this Code. Requests for a copy of the Code may be made by writing to the Company at is c/o Flux Power Holdings, Inc., 2685 S. Melrose Drive, Vista, California 92081.

Indemnification Agreements

We executed a standard form of indemnification agreement ("Indemnification Agreement") with each of our Board members and executive officers (each, an "Indemnitee").

Pursuant to and subject to the terms, conditions and limitations set forth in the Indemnification Agreement, we agreed to indemnify each Indemnitee, against any and all expenses incurred in connection with the Indemnitee's service as our officer, director and or agent, or is or was serving at our request as a director, officer, employee, agent or advisor of another corporation, partnership, joint venture, trust, limited liability company, or other entity or enterprise but only if the Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interest, and in the case of a criminal proceeding, had no reasonable cause to believe that his conduct was unlawful. In addition, the indemnification provided in the indemnification agreement is applicable whether or not negligence or gross negligence of the Indemnitee is alleged or proven. Additionally, the Indemnification Agreement establishes processes and procedures for indemnification claims, advancement of expenses and costs and contribution obligations.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial statements of beneficial ownership, reports of changes in ownership and Annual Reports concerning their ownership, of Common Stock and other of our equity securities on Forms 3, 4, and 5, respectively. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. Based solely on our review of Forms 3, 4 and 5 and amendments thereto filed electronically with the SEC during the most recent fiscal year, we believe that all reports required by Section 16(a) for transactions in the fiscal year ended June 30, 2023, were timely filed except for one late filing of a Form 4 by Michael Johnson relating to a sale of 4,000 shares of common stock pursuant to a Rule 10b5-1 trading plan previously adopted by Esenjay Investments, LLC on June 13, 2023, which was inadvertently filed one day late on June 16, 2023.

ITEM 11 - EXECUTIVE COMPENSATION

Compensation for our Named Executive Officers

The following table sets forth information concerning all forms of compensation earned by our named executive officers during Fiscal 2022 2023 and Fiscal 2021 2022 for services provided to the Company and its subsidiary.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards[1] ($)	Option Awards[2] ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)	Year	Salary ($)	Bonus ($)	Stock Awards[1] ($)
Ronald F. Dutt, Chief Executive Officer, President, and Chairman	2022	$275,000	$ 55,055	$138,702	$ -	$ -	$ -	$468,757	2023	$290,962	$ 146,273	$230,542
	2021	$242,288	$133,525	$234,681	$ -	$ -	$ -	$610,494	2022	$275,000	$55,055	$138,702
Charles A. Scheiwe Chief Financial Officer and Corporate Secretary	2022	$205,200	$ 28,757	$ 72,450	$ -	$ -	$ -	$306,407	2023	$205,989	$ 53,613	$120,419
	2021	$187,635	$ 77,055	$124,853	$ -	$ -	$ -	$389,543	2022	$205,200	$28,757	$ 72,450
Jonathan A. Berry Former Chief Operating Officer[3]	2022	$205,200	$ -	$ 72,450	$ -	$ -	$ -	$277,650				
	2021	$188,077	$ 77,055	$124,853	$ -	$ -	$ -	$389,985				
Jeffrey C. Mason[3] Vice President of Operations									2023	$204,346	$ 40,176	$100,602
									2022	$200,000	$20,020	$ 44,160

(1) Represent the fair value of the RSUs granted on grant date.

(2) The grant date fair value was determined in accordance with the provisions of FASB ASC Topic No. 718 using the Black-Scholes valuation model with assumptions described in more detail in the notes to our audited financial statements included in this report.

(3) On November 7, 2022, Mr. Berry separated from the Mason's position was expanded to include additional Company on August 12, 2022. authority and delegation.

Benefit Plans

We do not have any profit sharing profit-sharing plan or similar plans for the benefit of our officers, directors or employees. However, we may establish such plan in the future.

Equity Compensation Plan Information

In connection with the reverse acquisition of Flux Power, Inc. in 2012, we assumed the 2010 Plan. As of June 30, 2022 June 30, 2023, the number of options outstanding to purchase common stock under the 2010 Plan was 21,944. No additional options to purchase common stock may be granted under the 2010 Plan.

On February 17, 2015, our shareholders approved our 2014 Equity Incentive Plan ("2014 Plan"), which was amended on July 23, 2018 and on November 5, 2020. The 2014 Plan authorizes the issuance of awards for up to 1,000,000 shares of our common stock in the form of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock units, restricted stock awards and unrestricted stock awards to officers, directors and employees of, and consultants and advisors to, the Company or its affiliates. No We granted 0 and 175,265 stock options were granted under the 2014 Plan during Fiscal 2022 and 2021. 2023, respectively. We granted 250,786 72,566 and 153,177 250,786 restricted stock units under the 2014 Plan during Fiscal 2022 2023 and 2021, 2022, respectively.

On April 29, 2021, at the Company's annual stockholders meeting, the 2021 Equity Incentive Plan (the "2021 Plan") was approved by our stockholders. The 2021 Plan authorizes the issuance of awards for up to 2,000,000 shares of our common stock in the form of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock units, restricted stock awards and unrestricted stock awards to officers, directors and employees of, and consultants and advisors to, the Company or its affiliates. No awards were granted under the 2021 Plan during Fiscal 2022 and 2021." 2022. We granted 449,176 stock options under the 2021 Plan during Fiscal 2023.

As of June 30, 2022 June 30, 2023, we had 503,433 398,922 options outstanding and exercisable under the 2021 Plan, the 2014 Plan and the 2010 Plan. In addition, as of June 30, 2022 June 30, 2023, we had 304,221 193,749 RSUs outstanding under the 2014 Plan. There were no options or RSUs issued or outstanding under the 2021 Plan as of June 30, 2022.

The following table sets forth certain information concerning unexercised options, stock that has not vested, and equity compensation plan awards outstanding as of June 30, 2022 June 30, 2023 for the named executive officers below:

	Option Awards (1)						Stock Awards						
Name	**Award Grant Date**	**Number of Securities Underlying Unexercised Options Exercisable**	**Number of Securities Underlying Unexercised Options Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested**	**Equity Incentive Plan: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**	**Award Grant Date**	**Number of Securities Underlying Unexercised Options Exercisable**	**Nu Se Un Une O Uex**
Ronald Dutt	3/15/2019	50,000	-	-	$ 13.60	3/15/2029	-	$ -	-	$ -	10/31/2022	80,175	
	7/25/2018	33,527	-	-	19.80	7/25/2028	-	$ -	-	$ -			
	6/29/2018	50,000	-	-	14.40	6/29/2028	-	$ -	-	$ -	3/15/2019	50,000	
	10/26/2017	50,000	-	-	4.60	10/26/2027	-	$ -	-	$ -	7/25/2018	33,527	
	12/22/2015	19,000	-	-	5.00	12/22/2025	-	$ -	-	$ -	6/29/2018	50,000	
	7/30/2013	17,500	-	-	10.00	7/29/2023	-	$ -	-	$ -	10/26/2017	50,000	
	11/12/2020	-	-	-	-	11/11/2030	6,607	$ 58,670	6,607	$ 58,670	12/22/2015	19,000	
	11/12/2020	-	-	-	-	11/11/2030	6,607	$ 58,670	6,607	$ 58,670	7/30/2013	17,500	
	11/12/2020	-	-	-	-	11/11/2030	13,214	$117,340	13,214	$ 117,340	11/12/2020	-	
	10/29/2021	-	-	-	-	10/29/2031	12,061	$ 69,350	12,061	$ 69,350	11/12/2020	-	
	10/29/2021	-	-	-	-	10/29/2031	12,061	$ 69,350	12,061	$ 69,350	10/29/2021	-	
Charles Scheiwe	3/15/2019	30,000	-	-	13.60	3/15/2029	-	$ -	-	$ -	10/31/2022	41,878	
	11/12/2020	-	-	-	-	11/11/2030	3,515	$ 31,213	3,515	$ 31,213	3/15/2019	30,000	
	11/12/2020	-	-	-	-	11/11/2030	3,515	$ 31,213	3,515	$ 31,213	11/12/2020	-	
	11/12/2020	-	-	-	-	11/11/2030	7,030	$ 62,426	7,030	$ 62,426	11/12/2020	-	
	10/29/2021	-	-	-	-	10/29/2031	6,300	$ 36,224	6,300	$ 36,224	10/29/2021	-	
Jeffrey C. Mason											10/31/2022	34,986	
	10/29/2021	-	-	-	-	10/29/2031	6,300	$ 36,224	6,300	$ 36,224	10/29/2021	-	
Jonathan Berry(2)	3/15/2019	24,375	5,625	5,625	13.60	3/15/2029	-	$ -	-	$ -			
	6/29/2018	45,500	-	-	14.40	6/29/2028	-	$ -	-	$ -			
	10/26/2017	22,500	-	-	4.60	10/26/2027	-	$ -	-	$ -			
	11/12/2020	-	-	-	-	11/11/2030	3,515	$ 31,213	3,515	$ 31,213			
	11/12/2020	-	-	-	-	11/11/2030	3,515	$ 31,213	3,515	$ 31,213			
	11/12/2020	-	-	-	-	11/11/2030	7,030	$ 62,426	7,030	$ 62,426			
	10/29/2021	-	-	-	-	10/29/2031	6,300	$ 36,224	6,300	$ 36,224			
	10/29/2021	-	-	-	-	10/29/2031	6,300	$ 36,224	6,300	$ 36,224			

(1) The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model. Expected volatility is calculated based on the historical volatility of the Company's stock. The risk free risk-free interest rate is based on the U.S. Treasury yield for a term equal to the expected life of the options at the time of grant. The fair value of each restricted stock unit is the fair value of the Company's common stock on the grant date.

(2) On November 7, 2022, Mr. Berry separated from the Mason's position was expanded to include additional Company on August 12, 2022. authority and delegation.

Aggregated Option/Stock Appreciation Right ("SAR") exercised and Fiscal year-end Option/SAR value table

Neither our executive officers nor the other individuals listed in the tables above, exercised options or SARs during Fiscal 2022. 2023.

2023 Employee Stock Purchase Plan (the "2023 ESPP")

The 2023 ESPP was approved by the Board on March 6, 2023 and approved by the Company's stockholders on April 20, 2023. The 2023 ESPP enables eligible employees of the Company and certain of its subsidiaries (a "Participating Subsidiary") to use payroll deductions to purchase shares of the Company's Common Stock and acquire an ownership interest in the Company. The maximum aggregate number of shares of the Company's Common Stock that have been reserved as authorized for the grant of options under the 2023 ESPP is 350,000 shares, subject to adjustment as provided for in the 2023 ESPP. Participation in the 2023 ESPP is voluntary and is limited to eligible employees (as such term is defined in the 2023 ESPP) of the Company or a Participating Subsidiary who (i) has been employed by the Company or a Participating Subsidiary for at least 90 days and (ii) is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year. Each eligible employee may authorize payroll deductions of 1-15% of the eligible employee's compensation on each pay day to be used to purchase up to 1,500 shares of Common Stock for the employee's account occurring during an offering period. The 2023 ESPP has a term of ten (10) years commencing on April 20, 2023, the date of approval by the Company's stockholders, unless otherwise earlier terminated.

There was no stock purchased under the 2023 ESPP during Fiscal 2023.

Employment Agreements with Executive Officers

On February 12, 2021, we entered into an Amended and Restated Employment Agreement with the Company's president and chief executive officer, Ronald F. Dutt (the "Dutt Employment Agreement"), which amends and restates the Employment Agreement effective December 11, 2012, as amended (the "Prior Agreement"). In addition to the inclusion of terms relating to change in control, termination, severance, benefits and the acceleration of vesting of options and restricted stock units upon certain events, the Dutt Employment Agreement memorialized Mr. Dutt's continued services as the president and chief executive officer of the Company and its wholly-owned subsidiary, Flux Power, Inc. ("Flux Power"), and the terms pursuant to which he would provide such services. Pursuant to the terms of the Dutt Employment Agreement, Mr. Dutt's current annual base salary is $275,000. $300,000.

On February 12, 2021, we entered into an Employment Agreement with the Company's chief financial officer, treasurer and secretary, Charles A. Scheiwe (the "Scheiwe Employment Agreement"). In addition to the inclusion of terms relating to change in control, termination, severance, benefits and the acceleration of vesting of options and restricted stock units upon certain events, the Employment Agreement memorialized Mr. Scheiwe's continued services as the chief financial officer and secretary of the Company, and as chief financial officer/treasurer and secretary of Flux Power. Pursuant to the terms of the Scheiwe Employment Agreement, Mr. Scheiwe's current annual base salary is $205,200.

Under their respective employment agreement, Messrs. Dutt and Scheiwe, among other things, are (i) eligible for annual target cash bonus and awards of restricted stock units or other equity-based incentive compensation consistent with his position as determined by the Board of Directors (the "Board") and the Compensation Committee; (ii) entitled to reimbursement for all reasonable business expenses incurred in performing services; and (iii) entitled to certain severance and change of control benefits contingent upon such employee's agreement to a general release of claims in favor of the Company following termination of employment. Messrs. Dutt and Scheiwe and are also eligible to participate in all customary employee benefit plans or programs generally made available to the senior executive officers. Messrs. Dutt and Scheiwe have each agreed to observe the terms of a standard confidentiality and non-compete agreement for a restricted period of two (2) years. Each of Messrs. Dutt and Scheiwe employment is "at-will" and may be terminated at any time for any reason.

Separation Agreement

On August 12, 2022, Jonathan Berry, the Company's Chief Operating Officer, separated from the Company and entered into an Employee Separation and Release dated August 24, 2022 ("Separation Agreement"). Under the Separation Agreement, the Company agreed to provide Mr. Berry with certain payments and benefits comprising of: (i) a separation payment of two hundred five thousand two hundred dollars, less required withholdings, (ii) twenty-eight thousand nine hundred seven and 52/100 dollars, less require holdings, to defray costs for COBRA coverage, and (iii) reimbursement for an amount equal to twelve months for life insurance continuation (collectively, the "Separation Benefits"). In exchange for the Separation Benefits, among other things as set forth in the Separation Agreement, Mr. Berry agreed to a release of claims and waivers in favor of the Company and to certain restrictive covenant obligations, and also reaffirmed his commitment to comply with his existing restrictive covenant obligations.

Annual Bonus Plan

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 was effective for Fiscal 2021 and is effective each fiscal year thereafter (the "Plan Year"). For each Plan Year, the Compensation Committee establishes an aggregate amount of allocable Bonus under the Annual Bonus Plan and determines 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 each Plan Year is based on the Company achieving certain performance targets based on annual revenue, gross margin, operating expense and new business development. All of the Company's executive officers are eligible to participate in the Annual Bonus Plan.

Fiscal 2021

On November 5, 2020, the Board approved target cash bonuses under the Annual Bonus Plan for Fiscal 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 %

On June 30, 2021, the Compensation Committee of the Company amended the performance goals for the 2021 plan year (from July 1, 2020 through June 30, 2021) (the "2021 Plan Year"), under the Annual Cash Bonus Plan, which was previously approved by the Compensation Committee on November 5, 2020. The performance goals for the 2021 Plan Year were amended to the Company achieving certain performance targets measured by annual revenue, gross margin and new business development. The Compensation Committee made the equitable adjustment to better align the objectives and activities of the Company's executives and employees with the goals of the Company during a very challenging 2021 Plan Year.

On June 30, 2021, the Compensation Committee approved an addendum to the Performance Restricted Stock Unit Award under the 2014 Equity Incentive Plan approved by the Compensation Committee on November 5, 2020 to provide clarification for the calculation of vesting

Fiscal 2022

For the Company's fiscal year ending on June 30, 2022, or Fiscal 2022, the performance goals applicable to a bonus are based on the Company achieving certain targets based on the Company's annual revenue, gross margin, EBITDAS (earnings before interest expense (excluding interest income), taxes, depreciation, amortization and stock compensation expense in accordance with U.S. GAAP), new strategic customers, demonstrated direct cost reduction and working capital and inventory turnover (the "Financial Targets") and additional bonus amounts if the Company's financial results exceeds certain thresholds of the Financial Targets.

On October 29, 2021, the Compensation Committee approved target cash bonuses under the Annual Cash Bonus Plan for Fiscal 2022 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

Name	Position	Current Base Salary		Percentage of Salary		Target Cash Bonus ("TCB")		Ma Pa
Ronald F. Dutt	Chief Executive Officer	$	275,000	50	%50%	$ 137,500$	137,500	$ 165,000
Charles Scheiwe	Chief Financial Officer	$	205,200	35	%35%	$ 71,820$	71,820	$ 86,184$
Jonathan BerryJeffery C. Mason	Chief Operating OfficerVice President of Operations	$ 205,200200,000		35	%25%	$ 71,820$	50,000	$ 86,184$

(1) There are no bonus caps for achieving above set revenue target and gross margin target. If actual results exceed 100% of revenue gross margin target, every 1% of revenue target and/or gross margin target would result in an increase in bonus equal to 0.2% of th executive officers.

On October 31, 2022, the Compensation Committee and the Board approved the following cash bonuses to the following exe whereby the final cash bonus payout was determined based on a payout percentage of the executive's previous target cash bonus for fis

Name	Position	Target Cash Bonus		Payout Percentage	Cash B Payou
Ronald F. Dutt	Chief Executive Officer	$	137,500	40%	$
Charles Scheiwe	Chief Financial Officer	$	71,820	40%	$
Jeffery C. Mason	Vice President of Operations	$	50,000	40%	$

Fiscal 2023

On October 31, 2022, the Compensation Committee also approved the bonus pool and performance criteria for the Annual Bon fiscal year 2023 (the "2023 Bonus"). For the Company's fiscal year 2023, the performance goals applicable to a bonus are based on achieving certain targets based on the Company's annual revenue, Adjusted EBITDA (earnings before interest, income taxes, depreciation and stock-based compensation), functional goals (the "Financial Targets"), in addition to individual performance objectives and ad amounts if the Company's financial results exceeds certain thresholds of the Financial Targets.

The Compensation Committee approved the target cash bonuses under the 2023 Bonus based on the base salary for fiscal yea following executive officers:

Name	Position	Base Salary		Bonus Percentage of Base Salary	Total Target Payout		M Pa
Ronald F. Dutt	Chief Executive Officer	$	300,000 (2)	75%	$	225,000	$
Charles Scheiwe	Chief Financial Officer	$	205,200	35%	$	71,820	$
Jeffery C. Mason	Vice President of Operations		206,000	30%		61,800	

(1) Subject to a bonus cap for achieving above set revenue target and a payout cap for achieving 10% positive Adjusted EBITDA.

(2) To be effective during the second fiscal quarter of 2023.

Amendment to 2014 Plan

On November 5, 2020, the Board approved an amendment to the 2014 Plan as amended to include the right to grant Restrict ("RSUs"). All of the Company's executive officers are eligible to participate in the 2014 Plan.

Restricted Stock Unit Grants

Fiscal 2023 Grants

Fiscal 2021 Grants

On November 5, 2020, the Board approved the We did not grant of RSUs under the 2014 Option Plan to certain employees of the RSUs are subject to the terms and conditions provided in (i) the form of any Restricted Stock Unit Award Agreement which is time base Based Awards" RSUs"), and (ii) the form to any of Performance Restricted Stock Unit Award Agreement which is performance based Based Awards"). In addition, the Compensation Committee approved the grant of one-time retention based RSUs pursuant to th Restricted Stock Unit Award Agreement ("Retention Awards"). our executive officers in Fiscal 2023.

The following named executive officers of the Company were granted RSUs under the 2014 Option Plan in the amounts and according schedule indicated below:

Time Based Awards:

Name	Position	No. of RSUs	Vesting Schedul
Ronald F. Dutt	Chief Executive Officer	6,607	Three Years from Award's grant
Charles Scheiwe	Chief Financial Officer	3,515	Three Years from Award's grant
Jonathan Berry	Chief Operating Officer	3,515	Three Years from Award's grant

Performance Based Awards:

Name	Position	No. of RSUs Maximum Grant	Vesting Schedul
Ronald F. Dutt	Chief Executive Officer	9,910	Vest in installments of up to or annually based on target perfo
Charles Scheiwe	Chief Financial Officer	5,272	Vest in installments of up to or annually based on target perfo
Jonathan Berry	Chief Operating Officer	5,272	Vest in installments of up to or annually based on target perfo

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Retention Awards:

Name	Position	No. of RSUs	Vesting Schedul
Ronald F. Dutt	Chief Executive Officer	13,214	Four Years from Award's grant
Charles Scheiwe	Chief Financial Officer	7,030	Four Years from Award's grant
Jonathan Berry	Chief Operating Officer	7,030	Four Years from Award's grant

Fiscal 2022 Grants

On October 29, 2021, the Compensation Committee approved the grant of Restricted Stock Units ("RSUs") under the Company Incentive Plan (the "2014 Plan") to certain employees of the Company or its subsidiary, Flux Power, Inc. The RSUs are subject to t conditions provided in (i) the form of Restricted Stock Unit Award Agreement which is time based ("Time Based Awards"), and (i Performance Restricted Stock Unit Award Agreement which is performance based ("Performance Based Awards"). The following nai officers 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 Sche
Ronald F. Dutt	Chief Executive Officer	12,061	Vest annually over 3 ye first vest date on Octob
Charles Scheiwe	Chief Financial Officer	6,300	Vest annually over 3 ye first vest date on Octob
Jonathan BerryJeffrey C. Mason	Chief Operating OfficerVice President of Operations	6,3003,840	Vest annually over 3 ye first vest date on Octob

Performance Based Awards:

Name	Position	No. of RSUs Maximum Grant	Vesting Sche
Ronald F. Dutt	Chief Executive Officer	18,092	Three years from grant performance target*
Charles Scheiwe	Chief Financial Officer	9,450	Three years from grant performance target *
Jonathan BerryJeffrey C. Mason	Chief Operating OfficerVice President of Operations	9,4505,760	Three years from grant performance target *

* The performance target for the RSU to be based on EBITDAS (earnings before interest expense (excluding interest income), taxes amortization and stock compensation expense in accordance with U.S. GAAP) for the second half of the Company's fiscal year ending June

Stock Option Grants

Fiscal 2023 Grants

On October 31, 2022 (the Grant Date"), the Compensation Committee approved the grant of incentive stock options (the "Optio Company's 2014 Equity Incentive Plan (the "2014 Plan") and the Company's 2021 Equity Incentive Plan (the "2021 Plan") to certain em Company or its subsidiary, Flux Power, Inc. The Options are subject to the terms and conditions provided in the form of Incentive Agreement under the 2014 Plan (the "2014 Option Agreement") or the form of Incentive Stock Option Agreement under the 2021 Plan (th Agreement"). The following named executive officers of the Company were granted Stock Options under the 2021 Plan in such numb schedule set forth as follows:

Name	Position	Options*	Vesting Sche
Ronald F. Dutt	Chief Executive Officer	80,175	Four (4) equal annual ir commencing one year a Date
Charles Scheiwe	Chief Financial Officer	41,878	Four (4) equal annual ir commencing one year a Date
Jeffrey C. Mason	Vice President of Operations	34,986	Four (4) equal annual ir commencing one year a Date

* Subject to $100,000 ISO limitation under the 2021 Plan.

Incentive Plans

Management, the Committee and the Board will continue to explore and evaluate different long-term and short-term incentives t retain and motivate our employees to align their interest to our business and financial success through the use of equity award and cash

Compensation of Non-Executive Directors

In December 2020, pursuant to the recommendation and advice of the Committee, the Board approved the annual compensati non-executive directors of the Company for calendar year 2021 as follows:

	Independent Non-Executive Director	**Position**	**Base Retainer**	**Chair Fee**	
Lisa Walters-Hoffert	X	Audit Chair	$ 50,000	$ 7,500	$
Dale Robinette	X	Compensation Chair	$ 50,000	$ 5,000	$
John A. Cosentino Jr.[(1)]	X	Governance Chair	$ 50,000	$ 5,000	$
Michael Johnson		Board Member	$ 50,000	$ -	$

(1) Former director

On January 14, 2022, pursuant to the recommendation and advice of the Compensation Committee of the Board of the Compa approved the following annual compensation package for non-executive directors of the Company for calendar year 2022, as follows:

Name	**Independent Non-Executive Director**	**Position**	**Base Retainer** (cash)	**Chair Fee** (cash)	**Lead Independent Director** (cash)	**Independent Non-Executive Director**	**Position**	**Base Retainer** (cash)	**Chair Fee** (cash)	**I**
Lisa Walters-Hoffert	X	Audit Chair	$ 50,000	$ 7,500	$ -	X	Audit Chair	$ 50,000	$ 7,500	$
Dale Robinette	X	Compensation Chair	$ 50,000	$ 5,000	$ 20,000	X	Compensation Chair	$ 50,000	$ 5,000	$
John A. Cosentino Jr.[(1)]	X	Governance Chair	$ 50,000	$ 5,000[(1)]	$ -	X	Governance Chair	$ 50,000	$ 5,000[(1)]	$
Cheemin Bo-Linn [(2)]	X	Board Member	$ 50,000	$ -	$ -	X	Board Member	$ 50,000	$ -	$
Michael Johnson		Board Member	$ 50,000	$ -	$ -		Board Member	$ 50,000	$ -	$

[(1)] Mr. Cosentino resigned as our director on March 1, 2022. As appreciation for Mr. Cosentino's board services, the Board a accelerate the vesting of the following securities the Board granted in connection with his board services: 435 unvested options and 4 stock awards, and (iii) pay his board fees for 3rd quarter of Fiscal 2022.

[(2)] Dr. Bo-Linn was appointed as Chairperson of the Governance Committee on March 3, 2022. For Dr. Bo-Linn's services as Chai entitled to a Chair Fee of $5,000 for calendar year 2022.

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There was no change to the cash compensation package for non-executive director of the Company during Fiscal 2023.

On March 8, 2023, pursuant to the recommendation and advice of the Compensation Committee of the Board of the Compa
approved the following annual compensation package for non-executive directors of the Company for fiscal year ending June 30, 2024, as

Name	Independent Non-Executive Director	Position	Base Retainer (cash)	Chair Fee (cash)	Committee Member Fee(1) (cash)	I
Lisa Walters-Hoffert	X	Audit Chair	$ 50,000	$ 7,500	$ 5,000	$
Dale Robinette	X	Compensation Chair	$ 50,000	$ 5,000	$ 6,250	$
Cheemin Bo-Linn (2)	X	Board Member	$ 50,000	$ 5,000	$ 6,250	$
Michael Johnson		Board Member	$ 50,000	$ -	$ -	$

(1) Committee Member Fees: $3,750 for non-chair committee members of the Audit Committee, and $2,500 for non-chair comm
of the Compensation Committee and the Nominating and Governance Committee.

Equity Component of Non-Executive Director Compensation

In addition, our directors are eligible to receive an annual equity grant of RSUs. Pursuant to grants approved by our recommendation of the Compensation Committee in April 2021 2022 and 2022, 2023, our non-executive directors were granted RSUs u Plan. The number of RSUs granted to each non-executive director was equal to the amount of $50,000 divided by the fair market value of all RSUs subject to vesting restrictions. The fair market value of the RSUs was determined by applying a 10-day volume weighted avera prior to the grant issuance date.

In April 2021, each of our non-executive directors were granted 4,578 RSUs, of which 1/3 of the RSUs vested on April 29, 2 subsequent 1/3 to vest every twelve (12) months thereafter until fully vested. In April 2022, each of our non-executive directors were g RSUs which are subject to fully vest on April 28, 2023. In addition, in August 2022, as compensation for board services provided during the Fiscal 2022, Ms. Bo-Linn was granted 5,034 RSUs, of which 1/3 vested immediately, each of the remaining 1/3 of the RSUs will vest on Apr April 29, 2024. Ms. Bo-Linn's s grant was consistent with the standard equity component of Non-Executive Director Compensation Packag by the Board. In April 2023, each of our non-executive directors were granted 16,883 RSUs which are subject to fully vest on April 20, 2024.

Director Compensation Table

Below is summary of compensation accrued or paid to our non-executive directors during Fiscal 2022 2023 and Fiscal 2021. 2022 chief executive officer and president, received no compensation for his service as a director and is not included in the table. The compens receives as an employee of the Company is included in the section titled "Executive Compensation."

Name	Year	Fees Earned or Paid in Cash ($)	Stock Awards(2) ($)	Option Awards(3) ($)	All Other Compensation ($)	Total ($)	Year	Fees Earned or Paid in Cash ($)	Stock Awards(2) ($)	All Other Compensati ($)
Lisa Walters-Hoffert	2022	$ 57,500	50,000	$ -	-	$ 107,500	2023	$ 57,500	50,000	
	2021	58,125	50,000	-	-	108,125	2022	57,500	50,000	
Dale Robinette	2022	$ 65,000	50,000	$ -	-	$ 115,000	2023	$ 75,000	50,000	
	2021	55,625	50,000	-	-	105,625	2022	65,000	50,000	
John A. Cosentino Jr. (1)	2022	$ 41,250	-	$ -	-	$ 41,250	2023	$ -	-	
	2021	55,000	50,000	-	-	105,000	2022	41,250	-	
Michael Johnson	2022	$ 50,000	50,000	$ -	-	$ 100,000	2023	$ 50,000	50,000	
	2021	42,500	50,000	-	-	92,500	2022	50,000	50,000	
Cheemin Bo-Linn (4) (3)	2022	$ 26,667	50,000	$ -	-	$ 76,667	2023	$ 55,000	50,000	
							2022	26,667	50,000	

(1) Mr. Cosentino resigned as our director on March 1, 2022.

(2) Represent the fair value of the RSUs granted using the volume weighted average price of the ten days of trading prior to grant date.

(3) The amounts shown in this column represent the full grant date fair value of the award granted, excluding any as computed in ac Financial Accounting Standards Board ("FASB").

(4) Ms. Bo-Linn joined our board of director directors on January 14, 2022.

The following table shows the aggregate number of vested stock options held by our non-employee directors as of June 30, 202 and June 30, 2021 June 30, 2022:

Name	Year	Vested Stock Options	Y
Lisa Walters-Hoffert	2022	3,948	2
	2021	2,467	2
Dale Robinette	2022	3,948	2
	2021	2,467	2
Cheemin Bo-Linn [1]	2022	-	2
			2
Michael Johnson	2022	12,948	2
	2021	10,904	2
John A. Cosentino Jr. [2]	2022	-	2
	2021	-	2

(1) Ms. Bo-Linn joined our board of director on January 14, 2022.

(2) Mr. Cosentino resigned as our director on March 1, 2022.

ITEM 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

BENEFICIAL OWNERSHIP

Security Ownership of Principal Stockholders and Management

As used in this section, the term beneficial ownership with respect to a security is defined by Rule 13d-3 under the Exchange Act, a sole or shared voting power (including the power to vote or direct the vote) and/or sole or shared investment power (including the powe or direct the disposition of) with respect to the security through any contract, arrangement, understanding, relationship or otherw community property laws where applicable. As of September 12, 2022 September 8, 2023, we had a total of 15,998,336 16,478,238 shar stock issued and outstanding.

The following table sets forth, as of September 12, 2022 September 8, 2023, information concerning the beneficial ownership of common stock held by our directors, our named executive officers, our directors and executive officers as a group, and each person know a beneficial owner of more than five percent (5%) of our outstanding common stock. Unless otherwise indicated, the business address directors, executive officers and beneficial owners of more than five percent (5%) of our outstanding common stock is c/o Flux Power 2685 S. Melrose Drive, Vista, California 92081. Each person has sole voting and investment power with respect to the shares of our c except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indica

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Name and Address of Beneficial Owner [(1)]	Shares Beneficially Owned	% of Ownership	Shares Beneficially Owned
Officers and Directors			
Michael Johnson, Director	4,478,703 [(2)]	28.0 %	4,403,008 [(2)]
Ronald Dutt, Chief Executive Officer, President, and Director	250,408 [(3)]	1.5 %	246,185 [(3)]
Charles A Scheiwe, Chief Financial Officer and Secretary	40,118 [(4)]	*	45,733 [(4)]
Jeffrey C. Mason, Vice President of Operations			2,656 [(5)]
Cheemin Bo-Linn, Director	1,678 [(5)]	*	22,618 [(6)]
Lisa Walters-Hoffert, Director	5,474 [(6)]	*	25,793 [(7)]
Dale Robinette, Director	5,474 [(7)]	*	24,793 [(8)]
All Officers and Directors as a group (6 people)	4,781,855	29.4 %	
All Officers and Directors as a group (7 people)			4,770,786
5% Stockholders			
Esenjay Investments LLC			4,369,215 [(2)]
Cleveland Capital Management L.L.C. 1250 Linda Street, Suite 304 Rocky River, OH 44116	811,419 [(8)]	5.1 %	945,214 [(9)]
Formindable Asset Management, LLC 221 E Fourth Street, Suite 2700 Cincinnati OH 45202			1,598,228 [(10)]

* Represents less than 1% of shares outstanding.

(1) All addresses above are 2685 S. Melrose Drive, Vista, California 92081, unless otherwise stated.

(2) Includes 4,465,755 (i) 20,845 shares of common stock held by Mr. Johnson and 4,369,215 shares of common stock held by Esenja LLC, of which Mr. Johnson is the sole director and beneficial owner, and (ii) 12,948 shares of common stock issuable to Mr. exercise of stock options.

(3) Includes 26,360 33,030 shares of common stock and 224,048 213,155 shares of common stock issuable upon exercise of stoc settlement of vested RSUs.

(4) Includes 8,018 10,118 shares of common stock and 32,100 35,615 shares of common stock issuable upon exercise of stocl settlement of vested RSUs.

(5) Includes 1,678 1,376 shares of common stock and 1,280 shares of common stock issuable upon settlement of vested RSUs.

(6) Includes 22,618 shares of common stock.

(6) Includes 1,526 shares of common stock and 3,948 shares of common stock issuable upon exercise of stock options.

(7) Includes 1,526 21,845 shares of common stock and 3,948 shares of common stock issuable upon exercise of stock options.

(8) Includes 20,845 shares of common stock and 3,948 shares of common stock issuable upon exercise of stock options.

(9) Based on Amendment No. 5 to Schedule 13G filed jointly by Cleveland, Rocky River Specific Opportunities Fund LLC, Wad Cleveland Capital Management, L.L.C. with the SEC on February 14, 2022 February 13, 2023. Reflects 811,419 945,214 shares of c beneficially owned by certain private funds managed by Cleveland Capital Management, L.L.C., or by its principals.

(10) Based on Amendment No. 1 to Schedule 13G filed by Formidable Asset Management, LLC with the SEC on May 4, 2023.

* Represents less than 1% of shares outstanding.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following includes a summary of certain relationships and transactions, including transactions since July 1, 2020 July 1, 2021 12, 2022 September 8, 2023 and any currently proposed transactions, to which we were or are to be a participant, in which (1) the am exceeded or will exceed the lesser of (i) $120,000 or (ii) one percent (1%) of the average of our total assets for the last two completed fisca any of our directors, executive officers or holders of more than five percent (5%) of our capital stock, or any affiliate or member of the im of the foregoing persons, had or will have a direct or indirect material interest other than compensation and other arrangements that under the section titled "Executive Compensation."

Pursuant to the Audit Committee's written charter, our Audit Committee has the responsibility to review, approve and overse between the Company and any related person (as defined in Item 404 of Regulation S-K) and any potential conflict of interest situations basis, in accordance with our policies and procedures, and to develop policies and procedures for the Audit Committee's approval o transactions.

Subordinated Line of Credit Facility

On May 11, 2022, we entered into a Credit Facility Agreement (the "Subordinated LOC") with Cleveland Capital, L.P. ("Cleveland"), Oakley, Ltd., ("HPO"), and other lenders (together with Cleveland and HPO, the "Lenders"). The Subordinated LOC provides us with a sho credit (the "LOC") not less than $3,000,000 and not more than $5,000,000, the proceeds of which shall be used by us for working capital p June 30, 2022, the Lenders committed an aggregate of $4,000,000.

In connection with entry into the Subordinated LOC, we paid to each Lender a one-time committee fee in cash equal to 3.5% of Commitment Amount. In addition, in consideration of the Lenders' commitment to provide the Advances to us, we issued the Ler warrants to purchase an aggregate of 128,000 shares of common stock at an exercise price of $2.53 per share that are, subject to cert limitations, exercisable immediately.

Pursuant to a selling agreement, dated as of May 11, 2022, the Company retained HPO as its placement agent in conne Subordinated LOC. As compensation for services rendered in conjunction with the Subordinated LOC, the Company paid HPO a finder fe of the commitment amount from each such Lender placed by HPO in cash.

2020 Private Placement On December 15, 2022, the Board of Directors of the Company elected to extend the Due Date to December 31 Company paid the Lenders an extension fee in the aggregate amount of $80,000.

From April 2020 to July 2020, pursuant to private placement offerings, we sold and issued an aggregate of 1,141,250 shares of common per share, for an aggregate purchase price of $4,565,000 in cash to twenty-seven (27) accredited investors. Esenjay, our major stockholde controlled by our director, Mr. Johnson, participated in the offering in the amount of $300,000. In addition, Mr. Cosentino, a former participated in the offering in the amount of $250,000.

Esenjay Loan

On March 9, 2020, the Company and Esenjay Investments, LLC (“Esenjay”) entered into a certain convertible promissory note (“C
Note”) pursuant to which Esenjay provided the Company with a loan in the principal amount of $750,000 (the “Esenjay Loan”). On Jur
Original Esenjay Note was amended and restated to (i) extend the maturity date from June 30, 2020 to September 30, 2020, and (ii) t
principal amount outstanding under the Original Esenjay Note to $1,400,000 (the “Esenjay Note”).

Between June 26, 2020 and July 22, 2020, Esenjay assigned a total of $900,000 of the Esenjay Note to three (3) accredited inve
$900,000 note balance was converted into shares of common stock at $4.00 per share, which was the cash price per share, and resulted i
of 225,000 shares of common stock.

On August 31, 2020, the Company entered into the Third Amended and Restated Credit Facility Agreement and pursuant to which
further amended the Esenjay Note to, among other items, transfer all remaining principal and accrued interest outstanding of approxim
into the amended Credit Facility Agreement. (See “Credit Facility” below).

Credit Facility

On March 22, 2018, we entered into a credit facility agreement with Esenjay with a maximum borrowing amount of $5,000,000
Agreement”). The Original Agreement was amended multiple times to allow for, among other things, an increase in the maximum pri
available under line of credit (“LOC”) to $12,000,000, the inclusion of additional lenders and extension of the maturity date to September 3

In August 2020, we paid down an aggregate principal amount of approximately $1,402,000 of the outstanding balance unde
August 31, 2020, we entered into the Third Amended and Restated Credit Facility Agreement (“Third Amended and Restated Facilit
pursuant to which we (i) extended the maturity date to September 30, 2021, and (ii) allowed for the transfer of outstanding obligati
Esenjay Note of approximately $564,000 into the LOC as noted above. In November 2020, lenders holding an aggregate of approximatel
principal and accrued interest elected to convert their notes into 540,347 shares of common stock at a price of $4.00 per share. In Janu
2021, the lenders holding an aggregate of approximately $2,632,000 in principal and accrued interest elected to convert their notes into
of common stock at a price of $4.00 per share of which approximately $1,045,000 was held by Esenjay and converted to 261,133 shar
stock.

On June 10, 2021, we repaid all obligations in full and without additional fees or termination penalties, and the Third Amended
Credit Facility Agreement and the related Second Amended and Restated Security Agreement were terminated.

Cleveland Loan

On July 3, 2019, we entered into a loan agreement with Cleveland, pursuant to which Cleveland agreed to loan the Company $
“Cleveland Loan”) and issued Cleveland an unsecured short-term promissory note in the amount of $1,000,000 (the “Unsecured Promisso
Unsecured Promissory Note had an interest rate of 15.0% per annum and was originally due on September 1, 2019, unless repaid
percentage of proceeds from certain identified accounts receivable. In connection with the Cleveland Loan, we issued Cleveland a thre
(the “Cleveland Warrant”) to purchase the Company’s common stock in a number equal to 0.5% of the number of shares of common stoc
after giving effect to the shares of common stock sold in a contemplated public offering and with an exercise price equal to the per sha
common stock sold in the public offering.

On September 1, 2019, we entered into the First Amendment to the Unsecured Promissory Note pursuant to which the mat
extended to December 1, 2019 (the “First Amendment”) and the Cleveland Warrant terms were amended (the “Amended Warrant”).
Warrant increased the warrant coverage from 0.5% to 1% of the number of shares of common stock outstanding after giving effect to
common stock sold in the next private or public offering and with an exercise price equal to the per share price of common stock sold in s
public offering, as the case may be.

On July 9, 2020, we made a payment to Cleveland in the amount of $200,000 as a partial payment of the Cleveland Loan. On Ju connection with the outstanding loan from Cleveland to us in the principal amount of $957,000, we entered into the Eighth Amer Unsecured Promissory Note which extended the maturity date from July 31, 2020 to August 31, 2020, and capitalized all accrued and unp of July 27, 2020 to the principal amount. On August 19, 2020, we paid Cleveland the entire remaining principal balance due under the C together with all accrued interest payable as of August 19, 2020, in an aggregate amount of approximately $978,000.

ITEM 14 - PRINCIPAL ACCOUNTANT FEES AND SERVICES

Independent Auditor

For the fiscal years ended June 30, 2022 June 30, 2023 and 2021, 2022, the Company's independent public accounting firm was Bak (formerly Squar Milner LLP, which, effective as of November 1, 2020, merged with Baker Tilly US, LLP).

Fees Paid to Principal Independent Registered Public Accounting Firm

The aggregate fees billed by our Independent Registered Public Accounting Firm, for the fiscal years ended June 30, 2022 June 2021 2022 are as follows:

		2022		2021	2023
Audit fees(1)	$	131,000	$	107,000	$ 140,0
Audit related fees(2)		22,000		103,000	
Tax fees(3)		-		-	
All other fees(4)		-		-	
Total	$	153,000	$	210,000	$ 140,0

(1) Audit fees represent fees for professional services provided in connection with the audit of our annual financial statements and the quarterly financial statements and those services normally provided in connection with statutory or regulatory filings or engagem comfort letters, consents and other services related to SEC matters. This information is presented as of the latest practicable date f report.

(2) Audit-related fees represent fees for assurance and related services that are reasonably related to the performance of the audit or financial statements and not reported above under "Audit Fees."

(3) Baker Tilly US, LLP did not provide us with tax compliance, tax advice or tax planning services.

(4) All other fees include fees billed by our independent auditors for products or services other than as described in the immediately p categories. No such fees were incurred during the fiscal years ended June 30, 2022 June 30, 2023 or 2021. 2022.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accou

Our audit committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent reg accounting firm, the scope of services provided by our independent registered public accounting firm and the fees for the services to These services may include audit services, audit-related services, tax services and other services. Pre-approval is detailed as to the partic category of services and is generally subject to a specific budget.

Our independent registered public accounting firm and management are required to periodically report to the audit committee extent of services provided by our independent registered public accounting firm in accordance with this preapproval, and the fees fo performed to date.

All of the services relating to the fees described in the table above were approved by our audit committee.

PART IV

ITEM 15 - EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

The following financial statements of Flux Power Holdings, Inc., and Report of Baker Tilly US, LLP, independent registered public accou included in this report:

(2) Financial Statement Schedules: All schedules have been omitted because the required information is included in the financial staten thereto or because they are not required.

(3) Exhibits:
The exhibits required by Item 601 of Regulation S-K are listed in subparagraph (b) below.

(b) The following exhibits are filed as part of this Report

Exhibit No.	Description
2.1	Securities Exchange Agreement dated May 18, 2012. Incorporated by reference to Exhibit 2.1 on Form 8-K filed with the S 2012.
2.2	Amendment No. 1 to the Securities Exchange Agreement dated June 13, 2012. Incorporated by reference to Exhibit 2.2 on with the SEC on June 18, 2012.
3.1	Restated Articles of Incorporation. Incorporated by reference to Exhibit 3.1 on Form 8-K filed with the SEC on February 19, 2
3.2	Amended and Restated Bylaws of Flux Power Holdings, Inc. Incorporated by reference to Exhibit 3.1 on Form 8-K filed w May 31, 2012.
3.3	Certificate of Amendment to Articles of Incorporation. Incorporated by reference to Exhibit 3.1 on Form 8-K filed with the 18, 2017.
3.4	Certificate of Change. Incorporated by reference to Exhibit 3.1 on Form 8-K filed with the SEC on July 12, 2019.
4(vi)	Description of Securities. Incorporated by reference to Exhibit 4(vi) on Form 10-K filed with the SEC on September 28, 2020.
4.1	Form of Warrant. Incorporated by reference to Exhibit 4.1 on Form 8-K filed with the SEC on September 23, 2021.
4.2	Form of Warrant Certificate. Incorporated by reference to Exhibit 4.1 on Form 8-K filed with the SEC on May 13, 2022.
4.3	Warrant to Purchase Stock issued to Silicon Valley Bank, dated June 23, 2022. Incorporated by reference to Exhibit 4.1 on with the SEC on June 28, 2022.
10.1#	Form of Indemnification Agreement. Incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on April 9, 20
10.2	Lease Agreement dated April 25, 2019. Incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on April 30,

10.3	First Amendment to Standard Industrial/Commercial Multi Tenant Lease with Accutek dated March 1, 2020. Incorporate to Exhibit 10.1 on Form 8-K filed with the SEC on March 5, 2020.
10.4	Form of Representative Warrant. Incorporated by reference to Exhibit 10.1 on Form 10-Q filed with the SEC on November
10.5#	Flux Power Holdings, Inc. 2010 Stock Plan: Form of Stock Option Agreement. Incorporated by reference to Exhibit 10.6 on with the SEC on June 18, 2012.
10.6#	2014 Equity Incentive Plan. Incorporated by reference to Exhibit 10.23 on Form 10-Q filed with the SEC on May 15, 2015.
10.7#	Amendment to the Flux Power Holdings Inc. 2014 Equity Incentive Plan. Incorporated by reference to Exhibit 10.20 on F with the SEC on September 27, 2018.
10.8#	Amendment No. 2 to the Flux Power Holdings Inc. 2014 Equity Incentive Plan Incorporated by reference to Exhibit 10. filed with the SEC on November 9, 2020.
10.9#	Form of Restricted Stock Unit Award Agreement. Incorporated by reference to Exhibit 10.2 on Form 8-K filed with the SEC 9, 2020.
10.10#	Form of Performance Restricted Stock Unit Award Agreement. Incorporated by reference to Exhibit 10.3 on Form 8-K file on November 9, 2020.
10.11#	Annual Cash Bonus Plan. Incorporated by reference to Exhibit 10.4 on Form 8-K filed with the SEC on November 9, 2020.
10.12 10.12#	Loan and Security Agreement with Silicon Valley Bank. Incorporated by reference to Exhibit 10.1 on Form 8-K filed wi November 12, 2020.
10.13	Intellectual Property Security Agreement. Incorporated by reference to Exhibit 10.2 on Form 8-K filed with the SEC on 2020.
10.14#	Amended and Restated Employment Agreement by and between Flux Power Holdings, Inc. and Ronald F. Dutt. In reference to Exhibit 10.1 on Form 8-K filed with the SEC on February 17, 2021.
10.15# 10.13#	Employment Agreement by and between Flux Power Holdings, Inc. and Charles A. Scheiwe. Incorporated by reference to Form 8-K filed with the SEC on February 17, 2021.
10.16# 10.14#	2021 Equity Incentive Plan. Incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on May 4, 2021.
10.17# 10.15#	Form of Restricted Stock Unit Award Agreement – Non-Executive Director. Incorporated by reference to Exhibit 10.2 on with the SEC on May 4, 2021.
10.18 10.16	Form of Securities Purchase Agreement. Incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on 2021.
10.19# 10.17#	Form of Performance Restricted Stock Unit Award. Incorporated by reference to Exhibit 10.3 on Form 8-K filed wit November 2, 2021
10.20	First Amendment to Loan and Security Agreement with Silicon Valley Bank. Incorporated by reference to Exhibit 10.1 on with the SEC on November 3, 2021
10.21 10.18	Credit Facility Agreement dated May 11, 2022. Incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on
10.22 10.19	Form of Subordinated Unsecured Promissory Note. Incorporated by reference to Exhibit 10.2 on Form 8-K filed with the S 2022.
10.23 10.20#	Second Amendment to Loan and Security Agreement with Silicon Valley Bank. Incorporated by reference to Exhibit 10. filed with the SEC on June 28, 2022.
10.24#	Employee Separation and Release with Jonathan Berry dated August 24, 2022. Incorporated by reference to Exhibit 10.1 filed with the SEC on August 26, 2022.
10.21	Flux Power Holdings, Inc. 2023 Employee Stock Purchase Plan. Incorporated by reference to Exhibit 10.1 on Form 8-K file on April 21, 2023
10.22	Loan and Security Agreement. Incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on August 3, 2023.
10.23	Intellectual Property Security Agreement. Incorporated by reference to Exhibit 10.2 on Form 8-K filed with the SEC on Aug
10.24	Form of Revolving Note. Incorporated by reference to Exhibit 10.3 on Form 8-K filed with the SEC on August 3, 2023.
14.1	Code of Business Conduct and Ethics. Incorporated by reference to Exhibit 99.4 on Form 8-K filed with the SEC on July 2, 20
21.1	Subsidiaries. Incorporated by reference to Exhibit 21.1 on Form 8-K filed with the SEC on June 18, 2012
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certifications of the Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act.
31.2*	Certifications of the Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act.
32.1*	Certifications of the Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act.
32.2*	Certifications of the Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act.
101.INS*	Inline XBRL Instance Document*
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File, formatted in Inline XBRL (included as Exhibit 101)

* Filed herewith.

\# Indicates management contract or compensatory plan or arrangement.

ITEM 16 – FORM 10-K SUMMARY

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused th signed on its behalf by the undersigned, thereunto duly authorized.

Flux Power Holdings, Inc.

Dated: September 27, 2022 September 21, 2023	By:	*/s/ Ronald F. Dutt* Ronald F. Dutt Chief Executive Officer *(Principal Executive Officer)*
	By:	*/s/ Charles A. Scheiwe* Charles A. Scheiwe Chief Financial Officer *(Principal Financial Officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persor the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ronald F. Dutt Ronald F. Dutt	Director, Chief Executive Officer, President and Director *(Principal Executive Officer)*	September 27, 2022 21, :
/s/ Charles A. Scheiwe Charles A. Scheiwe	Chief Financial Officer *(Principal Financial Officer)*	September 27, 2022 21, :
/s/ Michael Johnson Michael Johnson	Director	September 27, 2022 21, :
/s/ Cheemin Bo-Linn Cheemin Bo-Linn	Director	September 27, 2022 21, :
/s/ Lisa Walters-Hoffert Lisa Walters-Hoffert	Director	September 27, 2022 21, :
/s/ Dale Robinette Dale Robinette	Director	September 27, 2022 21, :

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Flux Power Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Flux Power Holdings, Inc. (the "Company") as of June 30, 202 and 2021, 2022, the related consolidated statements of operations, changes in stockholders' equity, and cash flows, for each of the two ye period ended June 30, 2023, and the related notes to the consolidated financial statements (collectively referred to as the "consolic statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the C June 30, 2022 June 30, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the two years then in the period 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Compa Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with tl securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perforr obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part o are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an o effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statement to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe t provide a reasonable basis for our opinion.

Critical Audit Matter

The critical Critical audit matter communicated below is a matter matters are matters arising from the current period audit c statements that was were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or d are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The commu determined that there are no critical audit matters does not alter in any way our opinion on the consolidated financial statements, tak and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on th disclosures to which it relates. matters.

Going Concern Assessment

Critical Audit Matter Description

As described in Note 2 to the consolidated financial statements, the financial statements have been prepared assuming the continue as a going concern. For the year ended June 30, 2022, the Company generated negative cash flows from operations of $23.9 milli accumulated deficit of $81.8 million. Historically the Company has not generated sufficient cash to fund its operations. The Company that management's plans and forecasts illustrate their ability to meet the obligations through revenue growth and cost reductions as w financing under existing debt agreements, which alleviates the substantial doubt about the entity's ability to continue as a going concern.

We identified management's assessment of the Company's ability to continue as a going concern as a critical audit matter d degree of auditor judgment and related to the reasonableness of the cash flow forecasts and assumptions used in the Company's analysis.

How We Addressed the Matter in Our Audit

The primary procedures we performed to address this critical audit matter included:

- Reviewing and evaluating management's plans for dealing with the adverse effects of the conditions and events.
- Testing the completeness, accuracy, and relevance of underlying data used by management in the cash flow forecast
- Evaluating the reasonableness of management's significant assumptions and judgments used in the preparation of the forecast
- Obtaining audit evidence supporting the reasonableness of management's assumptions, including consideration of cont impacting managements forecasts.
- Performing sensitivity analysis regarding the significant assumptions used by management including revenue growth, operat and gross margin improvements.
- Corroborating management assertions related to the significant assumptions to audit evidence obtained during the course or c
- Testing the availability of the sources of financing utilized in the forecast, including financing in place as of the report date, ar covenants.
- Evaluating the adequacy of the disclosure included in the notes to the financial statements.

BAKER TILLY US, LLP

/s/ BAKER TILLY US, LLP

We have served as the Company's auditor since 2012.

San Diego, California
September 27, 2022 21, 2023

FLUX POWER HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

		June 30, 2022		June
ASSETS				
Current assets:				
Cash	$	485,000	$	
Accounts receivable		8,609,000		
Inventories		16,262,000		
Other current assets		1,261,000		
Total current assets		26,617,000		
Right of use asset		2,597,000		
Property, plant and equipment, net		1,578,000		
Other assets		89,000		
Total assets	$	30,881,000	$	
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$	6,645,000	$	
Accrued expenses		2,209,000		
Revolving line of credit		4,889,000		
Deferred revenue		163,000		
Customer deposits		175,000		
Office lease payable, current portion		504,000		
Accrued interest		1,000		
Total current liabilities		14,586,000		
Long term liabilities:				
Office lease payable, less current portion		2,361,000		
Total liabilities		16,947,000		
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; 15,996,658 and 13,652,164 shares issued and outstanding at June 30, 2022 and June 30, 2021, respectively		16,000		
Additional paid-in capital		95,732,000		
Accumulated deficit		(81,814,000)		
Total stockholders' equity		13,934,000		
Total liabilities and stockholders' equity	$	30,881,000	$	

The accompanying notes are an integral part of these consolidated financial statements.

FLUX POWER HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended June 30,	
	2022	
Revenues	$ 42,333,000	$
Cost of sales	35,034,000	
Gross profit	7,299,000	
Operating expenses:		
Selling and administrative	15,515,000	
Research and development	7,141,000	
Total operating expenses	22,656,000	
Operating loss	(15,357,000)	
Other income (expense):		
Other income	-	
Interest expense	(252,000)	
Net loss	$ (15,609,000)	$
Net loss per share - basic and diluted	$ (1.01)	$
Weighted average number of common shares outstanding - basic and diluted	15,439,530	

The accompanying notes are an integral part of these consolidated financial statements.

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FLUX POWER HOLDING, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock Shares	Common Stock Capital Stock Amount	Additional Paid-in Capital	Accumulated Deficit	
Balance at June 30, 2021	13,652,164	$ 14,000	$ 79,197,000	$ (66,205,000)	$
Issuance of common stock and warrants - registered direct offering, net of costs	2,142,860	2,000	13,969,000	-	
Issuance of common stock - public offering, net of costs	190,782	-	1,602,000	-	
Issuance of common stock, exercised options and RSU settlement	10,852	-	-	-	
Fair value of warrants issued	-	-	253,000	-	
Stock-based compensation	-	-	711,000	-	
Net loss	-	-	-	(15,609,000)	
Balance at June 30, 2022	15,996,658	$ 16,000	$ 95,732,000	$ (81,814,000)	$

	Common Stock Shares	Common Stock Capital Stock Amount	Additional Paid-in Capital	Accumulated Deficit	
Balance at June 30, 2020	7,420,487	$ 7,000	$ 46,985,000	$ (53,412,000)	$
Issuance of common stock - exercised options and warrants	55,195	-	55,000	-	
Fair value of warrants issued	-	-	174,000	-	
Issuance of common stock, net of costs	4,078,032	4,000	22,796,000	-	
Issuance of common stock - private placement transactions, net	800,000	1,000	3,199,000	-	
Issuance of Common Stock - Debt Conversion	1,298,450	2,000	5,191,000	-	
Stock-based compensation	-	-	797,000	-	
Net loss	-	-	-	(12,793,000)	
Balance at June 30, 2021	13,652,164	$ 14,000	$ 79,197,000	$ (66,205,000)	$

	June 30, 2023	Ju[n] [2]
ASSETS		
Current assets:		
Cash	$ 2,379,000	$
Accounts receivable	8,649,000	
Inventories, net	18,996,000	
Other current assets	918,000	
Total current assets	30,942,000	
Right of use asset	2,854,000	
Property, plant and equipment, net	1,789,000	
Other assets	120,000	
Total assets	$ 35,705,000	$
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 9,735,000	$
Accrued expenses	3,181,000	
Revolving line of credit	9,912,000	
Deferred revenue	131,000	
Customer deposits	82,000	
Finance lease payable, current portion	143,000	
Office lease payable, current portion	644,000	
Accrued interest	2,000	
Total current liabilities	23,830,000	

Long term liabilities:		
Finance lease payable, less current portion	273,000	
Office lease payable, less current portion	2,055,000	
Total liabilities	26,158,000	
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; 16,462,215 and 15,996,658 shares issued and outstanding at June 30, 2023 and June 30, 2022, respectively	16,000	
Additional paid-in capital	98,086,000	
Accumulated deficit	(88,555,000)	
Total stockholders' equity	9,547,000	
Total liabilities and stockholders' equity	$ 35,705,000	$

The accompanying notes are an integral part of these consolidated financial statements.

FLUX POWER HOLDING, HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS OPERATIONS

		Year ended June 3
	2021	
Cash flows from operating activities:		
Net loss	$ (15,609,000)	$
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	575,000	
Stock-based compensation	711,000	
PPP Loan principal and accrued interest forgiveness	-	
Fair value of warrants issued as debt discount cost	253,000	
Noncash interest expense	-	
Noncash rent expense	438,000	
Allowance for inventory reserve	61,000	
Amortization of prepaid offering costs	-	
Changes in operating assets and liabilities:		
Accounts receivable	(2,512,000)	
Inventories	(5,810,000)	
Other current assets	(802,000)	
Accounts payable	(530,000)	
Accrued expenses	(374,000)	
Due to factor	-	
Deferred revenue	139,000	
Accrued interest	(1,000)	
Office lease payable	(436,000)	
Customer deposits	4,000	
Net cash used in operating activities	(23,893,000)	
Cash flows from investing activities		
Purchases of equipment	(797,000)	
Net cash used in investing activities	(797,000)	
Cash flows from financing activities:		
Proceeds from the issuance of common stock in registered direct offering, net of offering costs	13,971,000	
Proceeds from the issuance of common stock in public offering, net of offering costs	1,602,000	
Proceeds from the issuance of common stock in private placement	-	
Proceeds from revolving line of credit	8,450,000	
Payment of short-term loan - related party	-	
Payment of line of credit - related party	-	
Payment of revolving line of credit	(3,561,000)	
Principal payments of financing lease payable	-	
Net cash provided by financing activities	20,462,000	
Net change in cash	(4,228,000)	
Cash, beginning of period	4,713,000	
Cash, end of period	$ 485,000	$
Supplemental Disclosures of Non-Cash Investing and Financing Activities:		
Common stock issued for conversion of related party debt	$ -	$
Accrued interest converted into principal	$ -	$
Common stock issued for vested RSUs	$ 21,000	$
Supplemental cash flow information:		
Interest paid	$ 151,000	$

	Years ended June 30,	
	2023	2

Revenues	$ 66,337,000	$
Cost of sales	49,237,000	
Gross profit	17,100,000	
Operating expenses:		
Selling and administrative	17,620,000	
Research and development	4,890,000	
Total operating expenses	22,510,000	
Operating loss	(5,410,000)	
Other income (expense):		
Other income	8,000	
Interest expense	(1,339,000)	
Net loss	$ (6,741,000)	$
Net loss per share - basic and diluted	$ (0.42)	$
Weighted average number of common shares outstanding - basic and diluted	16,055,256	

The accompanying notes are an integral part of these consolidated financial statements.

FLUX POWER HOLDING, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional		
	Shares	Capital Stock Amount	Paid-in Capital	Accumulated Deficit	
Balance at June 30, 2022	15,996,658	$ 16,000	$ 95,732,000	$ (81,814,000)	$
Issuance of common stock - public offering, net of costs	355,309	-	1,556,000	-	
Issuance of common stock - exercised options and RSU settlement	110,248	-	-	-	
Stock-based compensation	-	-	798,000	-	
Net loss	-	-	-	(6,741,000)	
Balance at June 30, 2023	16,462,215	$ 16,000	$ 98,086,000	$ (88,555,000)	$

	Common Stock		Additional		
	Shares	Capital Stock Amount	Paid-in Capital	Accumulated Deficit	
Balance at June 30, 2021	13,652,164	$ 14,000	$ 79,197,000	$ (66,205,000)	$
Issuance of common stock and warrants - registered direct offering, net of costs	2,142,860	2,000	13,969,000	-	
Issuance of common stock - public offering, net of costs	190,782	-	1,602,000	-	
Issuance of common stock, exercised options and RSU settlement	10,852	-	-	-	
Fair value of warrants issued	-	-	253,000	-	
Stock-based compensation	-	-	711,000	-	
Net loss	-	-	-	(15,609,000)	
Balance at June 30, 2022	15,996,658	$ 16,000	$ 95,732,000	$ (81,814,000)	$

The accompanying notes are an integral part of these consolidated financial statements.

FLUX POWER HOLDING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended June 30,		
	2023		
Cash flows from operating activities:			
Net loss	$ (6,741,000)	$	
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	899,000		
Stock-based compensation	798,000		
Fair value of warrants issued as debt discount cost	-		
Amortization of debt issuance costs	482,000		
Noncash lease expense	512,000		
Allowance for inventory reserve	-		
Changes in operating assets and liabilities:			
Accounts receivable	(40,000)		
Inventories	(2,734,000)		
Other current assets	(170,000)		
Accounts payable	3,090,000		
Accrued expenses	972,000		
Deferred revenue	(32,000)		
Accrued interest	1,000		
Office lease payable	(518,000)		
Customer deposits	(93,000)		
Net cash used in operating activities	(3,574,000)		
Cash flows from investing activities			
Purchases of equipment	(1,032,000)		
Proceeds from sale of fixed assets	8,000		
Net cash used in investing activities	(1,024,000)		
Cash flows from financing activities:			
Proceeds from the issuance of common stock in registered direct offering, net of offering costs	-		
Proceeds from the issuance of common stock in public offering, net of offering costs	1,556,000		
Proceeds from revolving line of credit	63,400,000		
Payment of revolving line of credit	(58,377,000)		
Payment of financed leases	(87,000)		
Net cash provided by financing activities	6,492,000		
Net change in cash	1,894,000		
Cash, beginning of period	485,000		
Cash, end of period	$ 2,379,000	$	
Supplemental Disclosures of Non-Cash Investing and Financing Activities:			
Initial right of use asset recognition	$ 855,000	$	
Common stock issued for vested RSUs	$ 417,000	$	
Supplemental cash flow information:			
Interest paid	$ 1,127,000	$	

The accompanying notes are an integral part of these consolidated financial statements.

FLUX POWER HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 2023 and 2021 JUNE 30, 2022

NOTE 1 - NATURE OF BUSINESS

Nature of Business

Flux Power Holdings, Inc. ("Flux") was incorporated in 2008 in the State of Nevada, and Flux's operations are conducted thro owned subsidiary, Flux Power, Inc. ("Flux Power"), a California corporation (collectively, the "Company").

We design, develop, manufacture, The Company designs, develops, manufactures, and sell sells a portfolio of advanced lithiu storage solutions for electrification of a range of industrial commercial sectors which include material handling, airport ground suppo ("GSE"), and stationary energy storage. We believe our The Company believes its mobile and stationary energy storage solutions prov with a reliable, high performing, cost effective, and more environmentally friendly alternative as compared to traditional lead acid and p solutions. Our The Company's modular and scalable design allows different configurations of lithium-ion battery packs to be paired with c wireless battery management system to provide the level of energy storage required and "state of the art" real time monitoring of pack We believe The Company believes that the increasing demand for lithium-ion battery packs and more environmentally friendly energy sto in the material handling sector should continue to drive our revenue growth.

As used herein, the terms "we," "us," "our," "Flux," and "Company" mean Flux Power Holdings, Inc., unless otherwise indica amounts herein are in U.S. dollars unless otherwise stated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company's significant accounting policies which have been consistently applied in the preparation of the consolidated financial statements follows:

Principles of Consolidation

The consolidated financial statements include Flux Power Holdings, Inc. and its wholly-owned subsidiary Flux Power, Inc. after eli intercompany accounts and transactions.

Liquidity Considerations

The accompanying financial statements and notes have been prepared assuming the Company will continue as a going concer ended June 30, 2022 June 30, 2023, the Company generated negative cash flows from operations of $23.9 3.6million and had an accumu $81.8 88.6million. Management has evaluated the Company's expected cash requirements over the next twelve (12) months, including i additional sales and marketing and research and development, capital expenditures, and working capital requirements. Managemen Company's existing cash and funding available under the SVB Gibraltar Business Capital Revolving Line of Credit Facility and the Subo along with the forecasted gross margin will be sufficient to meet the Company's anticipated capital resources to fund planned operatio twelve (12) months.

Historically the Company has not generated sufficient cash to fund its operations. Based on the Company's ability to recognize re existing backlog and customer orders, management anticipates increased revenues, along together with the planned improvements in it over the next twelve (12) months. will move it closer to profitability. The planned gross margin improvement tasks include, but is not lim to drive bill of material costs down while increasing price of our products for new orders. The Company has received new orders in fis June 30, 2022, Fiscal 2023, of approximately $6561 million and believes through conversations with its customers that its anticipation increase of new order increases orders is probable. reasonable.

As of September 12, 2022 September 8, 2023, $3.2 4.0million remained available under the SVB GBC Credit Facility and $4.0million for future draws under the Subordinated LOC. As of September 12, 2022 September 8, 2023, $5.7 4.1million remained available under t ATM agreement that could be utilized if necessary. In addition, to support our operations and anticipated growth, we intend to exp sources of capital as needed. We also continue to execute our cost reduction, sourcing, and pricing recovery initiatives in efforts to incr margins and improve cash flow from operations. Any, unforeseen Unforeseen factors in the general economy beyond management's potentially have negative impact on the planned gross margin improvement plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of Am requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and exper certain financial statement disclosures. Significant estimates include valuation allowances relating to inventory and deferred tax management believes that the estimates and assumptions used in the preparation of the financial statements are appropriate, actua differ from these estimates.

Cash and Cash Equivalents

As of June 30, 2022 June 30, 2023 and June 30, 2021 June 30, 2022, cash was approximately $485,0002.4 million and $4,7 respectively. Cash consisted of funds held in a non-interest bearing non-interest-bearing bank deposit account. The Company considers a term investments with maturities of less than three months when acquired to be cash equivalents. The Company had nocash equivale 2022 June 30, 2023 and 2021. 2022.

Fair Values of Financial Instruments

The carrying amount of our cash, accounts payable, accounts receivable, and accrued liabilities approximates approximate their values due to the short-term maturities of those financial instruments. The carrying amount of the line of credit agreement approximate as interest approximates current market interest rates for similar instruments. Management has concluded that it is not practical to estimated fair value of amounts due to related parties because the transactions cannot be assumed to have been consummated at ar terms are not deemed to be market terms, there are no quoted values available for these instruments, and an independent valuation practical due to the lack of data regarding similar instruments, if any, and the associated potential costs.

The Company does not have any other assets or liabilities that are measured at fair value on a recurring or non-recurring basis.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. The Company has not experienced collection issues accounts receivable and has not recorded an allowance for doubtful accounts during the fiscal years ended June 30, 2022 June 30, 2023 an

Inventories

Inventories consist primarily of battery management systems and the related subcomponents and are stated at the lower realizable value. The Company evaluates inventories to determine if write-downs are necessary due to obsolescence or if the invento excess of anticipated demand at market value based on consideration of historical sales and product development plans. The Com adjustments to inventory reserve related to obsolete and slow moving inventory in the amount of approximately $61,000 354,00 111,000during the fiscal years ended June 30, 2022 June 30, 2023 and 2021, 2022, respectively.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation and amortization are prov straight-line method over the estimated useful lives, of the related assets ranging from threeto ten five years, or, in the case of leasehold i over the lesser of the useful life of the related asset or the lease term.

Stock-based Compensation

Pursuant to the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") To *Compensation-Stock Compensation*, which establishes accounting for equity instruments exchanged for employee service, we utilize the option pricing model to estimate the fair value of employee stock option awards at the date of grant, which requires the input of hig assumptions, including expected volatility and expected life. Changes in these inputs and assumptions can materially affect the measur fair value of our share-based compensation. These assumptions are subjective and generally require significant analysis and judgme When estimating fair value, some of the assumptions will be based on, or determined from, external data and other assumptions may b our historical experience with stock-based payment arrangements. The appropriate weight to place on historical experience is a matte based on relevant facts and circumstances.

Common stock or equity instruments such as warrants issued for services to non-employees are valued at their estimated fa measurement date (the date when a firm commitment for performance of the services is reached, typically the date of issuance, or whe is complete). If the total value exceeds the par value of the stock issued, the value in excess of the par value is added to the additional pai

Revenue Recognition

The Company recognizes revenue in accordance to the Accounting Standards Codification ("ASC") Topic 606, Revenue from Customers ("ASC 606") for all contracts. The Company derives its revenue from the sale of products to customers. The Company sel primarily through a distribution network of equipment dealers, OEMs and battery distributors in primarily North America. The Compa revenue for the products when all significant risks and rewards have been transferred to the customer, there is no continuing manageri associated with ownership of the goods sold is retained, no effective control over the goods sold is retained, the amount of revenue ca reliably, it is probable that the economic benefits associated with the transactions will flow to the Company and the costs incurred or with respect to the transaction can be measured reliably.

Product revenue is recognized as a distinct single performance obligation which for the Company's three major customers repres in time that they receive delivery of the products, and for all other customers represents the point in time that the Company ships the customers do have a right to return product but our returns have historically been minimal.

Product Warranties

The Company evaluates its exposure to product warranty obligations based on historical experience. Our products, primarily packs, are warrantied for five years unless modified by a separate agreement. As of June 30, 2022June 30, 2023 and 2021, 2022, the Co warranty liability of approximately $1,012,0001,600,000 and $895,000 1,012,000, respectively, which is included in accrued expenses on t consolidated balance sheets.

Impairment of Long-lived Assets

In accordance with authoritative guidance for the impairment or disposal of long-lived assets, if indicators of impairment exist, assesses the recoverability of the affected long-lived assets by determining whether the carrying value of such assets can be recovere undiscounted future operating cash flows.

If impairment is indicated, the Company measures the amount of such impairment by comparing the carrying value of the asset value of the expected future cash flows associated with the use of the asset. The Company believes that no impairment indicators wer accordingly no impairment losses were recognized during the fiscal years ended June 30, 2022June 30, 2023 and 2021. 2022.

Research and Development

The Company is actively engaged in new product development efforts. Research and development cost relating to possible futur expensed as incurred.

Income Taxes

Pursuant to FASB ASC Topic No. 740, *Income Taxes,* deferred tax assets or liabilities are recorded to reflect the future tax co temporary differences between the financial reporting basis of assets and liabilities and their tax basis at each year-end. These amounts a appropriate, to reflect enacted changes in tax rates expected to be in effect when the temporary differences reverse. The Company has positions in all of the federal and state jurisdictions where the Company is required to file income tax returns, as well as all open tax jurisdictions. As a result, no unrecognized tax benefits have been identified as of June 30, 2022June 30, 2023 or June 30, 2021June accordingly, no additional tax liabilities have been recorded.

The Company records deferred tax assets and liabilities based on the differences between the financial statement and tax bases liabilities and on operating loss carry forwards using enacted tax rates in effect for the year in which the differences are expected to rever allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Net Loss Per Common Share

The Company calculates basic loss per common share by dividing net loss by the weighted average number of common share during the periods. Diluted loss per common share includes the impact from all dilutive potential common shares relating to outstandi securities.

For the fiscal years ended June 30, 2022June 30, 2023 and 2021, 2022, basic and diluted weighted-average common shares out 15,439,530 16,055,256and 11,796,21715,439,530, respectively. The Company incurred a net loss for the fiscal years ended June 30, 2022Jun 2021, 2022, and therefore, basic and diluted loss per share for each fiscal year were the same because potential common share equivale would have been anti-dilutive. The total potentially dilutive common shares outstanding at June 30, 2022June 30, 2023 and 2021 2 excluded from diluted weighted-average common shares outstanding represent shares underlying outstanding convertible debt, stock and warrants, and totaled 2,262,773 2,622,268and 877,740 2,262,773, respectively.

At June 30, 2023 and 2022 potentially dilutive common shares outstanding that were excluded from diluted weighted-average c
outstanding were as follows:

	June 30, 2023	June 30, 2022
Stock options	973,400	503,433
RSUs	193,749	304,221
Warrants	1,455,119	1,455,119
Total	2,622,268	2,262,773

New Accounting Standards

Recently Adopted Accounting Pronouncements

The Company did not adopt any new accounting pronouncements for the year ended June 30, 2022 June 30, 2023 and 2021. 2022.

Management has considered all recent accounting pronouncements issued since the last audit of the Company's consolid
statements.

NOTE 3 - INVENTORIES

Inventories consist of the following:

	June 30, 2022	June 30, 2021	June 30, 2023
Raw materials	$ 12,989,000	$ 8,185,000	$ 13,047,000
Work in process	927,000	918,000	1,277,000
Finished goods	2,346,000	1,410,000	4,672,000
Total Inventories	$ 16,262,000	$ 10,513,000	$ 18,996,000

Inventories consist primarily of our energy storage systems and the related subcomponents, and are stated at the lower realizable value.

NOTE 4 – OTHER CURRENT ASSETS

Other current assets consist of the following:

	June 30, 2022	June 30, 2021	June 30 2023
Prepaid insurance	$ 478,000	$ 249,000	$ 573,00
Prepaid inventory	14,000	73,000	
Debt issuance costs	426,000	-	
Prepaid expenses	343,000	95,000	202,00
Other			143,00
Total other current assets	$ 1,261,000	$ 417,000	$ 918,00

NOTE 5 – ACCRUED EXPENSES

Accrued expenses consist of the following:

	June 30, 2022	J
Payroll and bonus accrual	$ 767,000	$
PTO accrual	430,000	
Warranty liability	1,012,000	
Total accrued expenses	$ 2,209,000	$

	June 30, 2023	Ju 2
Payroll and bonus accrual	$ 1,157,000	$
PTO accrual	412,000	
Warranty liability	1,600,000	
Other	12,000	
Total accrued expenses	$ 3,181,000	$

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consist of the following:

	June 30, 2022	June 30, 2021	June 30, 2023
Vehicles	$ 20,000	$ 20,000	$ -
Machinery and equipment	808,000	593,000	1,169,000
Office equipment	1,574,000	1,027,000	2,153,000
Furniture and Equipment	256,000	220,000	273,000
Leasehold improvements	56,000	56,000	81,000
CIP			43,000
	2,714,000	1,916,000	3,719,000
Less: Accumulated depreciation	(1,136,000)	(560,000)	(1,930,000
Total property, plant and equipment, net	$ 1,578,000	$ 1,356,000	$ 1,789,000

Depreciation expense was approximately $575,000899,000 and $274,000 575,000, for the fiscal years ended June 30, 2022 June 2021, 2022, respectively, and is included in selling and administrative expenses in the accompanying consolidated statements of operation

NOTE 7 – Notes Payable

Paycheck Protection Program Loan

On May 1, 2020, the Company applied for and received a loan from the Bank of America, NA (the "BOA") in the aggregate princi approximately $1,297,000 (the "PPP Loan") pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, Security Act (the "CARES Act"). The PPP Loan was evidenced by a promissory note dated May 1, 2020, issued by Flux Power to the BOA (th The PPP Loan had a two-year term and bore interest at a rate of 1.0% per annum. Monthly principal and interest payments were d months after the date of disbursement. The Company received the funds on May 4, 2020. On February 9, 2021, the Company was notified Business Administration ("SBA") had forgiven repayment of the entire PPP Loan of approximately $1,297,000 in principal, together w interest of approximately $10,000. The Company recorded the entire forgiven principal and accrued interest amount of approximately other income in its statement of operations on February 9, 2021. As of June 30, 2022, the outstanding balance of the PPP Loan was $0.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven c and to provide that documentation to the SBA upon request.

Revolving Line of Credit

On November 9, 2020, the Company entered into a Loan and Security Agreement ("Loan Agreement") with Silicon Valley Bank ("SV

On October 29, 2021, the Company entered into a First Amendment to Loan and Security Agreement ("First Amendment" and tog Agreement, the "Loan Agreement") with SVB which amended certain terms of the Loan Agreement including, but not limited to, increasi of the revolving line of credit from $4.0million to $6.0million, and extending the maturity date to November 7, 2022. The First Amendmen Company with a senior secured credit facility for up to $6.0million available on a revolving basis ("Revolving LOC"). Outstanding princ Revolving LOC accrued interest at a floating rate per annum equal to the greater of (i) Prime Rate plus two and a half percent (2.50%), three-quarters percent (5.75%). The Company paid a non-refundable commitment fee of $15,000upon execution of the Loan Agre additional non-refundable commitment fee of $22,500 in connection with the First Amendment Amendment.

On June 23, 2022, the Company entered into a Second Amendment to Loan and Security Agreement ("Second Amendment" and the Loan Agreement, and First Amendment the "Amended "Second Amended Loan Agreement") with Silicon Valley Bank ("SVB"), SVB, w certain terms of the Loan and Security Agreement, dated November 9, 2020, as amended on October 29, 2021, including but not lir increase increasing the amount of the revolving line of credit to $8.0 million, (ii) to change changing the financial covenants of the Comp based on tangible net worth of the Company to another based on adjusted EBITDA (as defined in the Second Amendment) on a trailing basis and liquidity ratio certified as of the end of each month pursuant to the calculations set forth therein, and (iii) to allow allowing for t and transfer by SVB of all of its obligations, rights and benefits under the Agreement and Loan Documents (as defined in the Agreement the Warrants).

In addition, under the Second Amendment, the interest rate terms for the outstanding principal under the Revolving LOC was we
accrue interest at a floating per annum rate equal to the greater of either (A) Prime Rate plus three and one-half of one percent (3.50%) o
one-half of one percent (7.50%). Interest payment is payments are due monthly on the last day of the month. In addition, the Company
pay a quarterly unused facility fee equal to one-quarter of one percent (0.25%) per annum of the average daily unused portion of the $
million commitment under the Revolving LOC, SVB Credit Facility, depending upon availability of borrowings under the Revolving LOC LO
the Second Amendment, the Company agreed to pay paid SVB a non-refundable amendment fee of Five Thousand Dollars ($ $5,000.00 5,
legal fees and expenses incurred in connection with the Second Amendment.

In connection with the Second Amendment, the Company issued a twelve-yearwarrant to SVB and its designee, SVB Finar
purchase up to 40,806shares of common stock of the Company at an exercise price of $2.23per share pursuant to the terms set forth ther

On November 7, 2022, we entered into a Third Amendment to Loan and Security Agreement ("Third Amendment") with SVB, w
certain terms of the Second Amended Loan Agreement (together with the Second Amended Loan Agreement, the "Third Amended Loar
including but not limited to, (i) extending the maturity date from November 7, 2022 to May 7, 2023 (the "Extension Period"), (ii) amendir
covenants of the Company to cover the Extension Period and to include a liquidity ratio financial covenant, and (iii) amending th
Permitted Liens (as defined in the Third Amendment). Pursuant to the Third Amendment, the Company paid SVB a non-refundable ame
$12,500 and SVB's legal fees and expenses incurred in connection with the Third Amendment.

On January 10, 2023, the Company entered into a Fourth Amendment to Loan and Security Agreement (the "Fourth Amendm which amended certain terms of the Third Amended Loan Agreement including but not limited to, (i) increasing the amount of the SVE from $8.0 million to $14.0 million, (ii) removing the liquidity ratio financial covenant of the Company under Section 6.9 of the Third A Agreement, (iii) amending the definition of Borrowing Base (as defined in the Fourth Amendment), which includes a new defined term f Liquidation Value (as defined in the Fourth Amendment), and (iv) removing certain defined liquidity terms under Section 13.1 of the T Loan Agreement. Pursuant to the Fourth Amendment, the Company paid SVB a non-refundable amendment fee of $10,000 and SVB's expenses incurred in connection with the Fourth Amendment.

On April 27, 2023, the Company entered into a Fifth Amendment to Loan and Security Agreement (the "Fifth Amendment") w further amended certain terms of the credit facility (together with the Fourth Amended Loan Agreement, the "Fifth Amended Lo Agreement"), including but not limited to, (i) extending the maturity date from May 7, 2023 to December 31, 2023 (the "2023 Extensio amending the EBITDA financial covenant of the Company to cover the 2023 Extension Period, and (iii) amending the definition of EBITDA the Fifth Amendment). Pursuant to the Fifth Amendment, the Company agreed to pay SVB a non-refundable amendment fee of $30,000 fees and expenses incurred in connection with the Fifth Amendment. In addition, SVB also agreed to waive compliance by the Company EBIDTA financial covenant as of the month ended March 31, 2023.

The Company has used the SVB Credit Facility to fund its operations and working capital requirements. Amounts outstand Revolving LOC are secured by substantially all of the tangible and intangible assets of the Company (including, without limitation, intelle pursuant to the terms of the Fifth Amended Loan Agreement, and the Intellectual Property Security Agreement dated as of October 2 the year ended June 30, 2023, the Company had multiple Revolving LOC drawdowns totaling $63.4 million and multiple Revolving L totaling $58.4 million. As of June 30, 2022 June 30, 2023, the outstanding balance under the Revolving LOC was approximately $4,889,000 9.

On July 28, 2023, the Company terminated the Loan and Security Agreement, dated as of November 9, 2020, as amended, by a and the Company, and concurrent with approximately $3,111,000 remained available for future draws the entry into the Loan and Secur by and among Gibraltar Business Capital and the Company. The Company repaid the entire outstanding principal balance of the SVB Cre all accrued and unpaid interest and related fees through November 7, 2022, unless the credit facility is renewed and its term is extend expiration. date of termination with a portion of the funds from the GBC Credit Facility on July 28, 2023. (See Note 13 – Subsequent Events

NOTE 8 - RELATED PARTY DEBT AGREEMENTS

As of June 30, 2023 and June 30, 2022, the Company had no related party debt balance outstanding. Below are the activities for t related party debt agreements that existed during the periods ended June 30, 2023 and 2022.

Subordinated Line of Credit Facility

On May 11, 2022, the Company entered into a Credit Facility Agreement (the "Subordinated LOC") with Cleveland Capital, L. limited partnership ("Cleveland"), Herndon Plant Oakley, Ltd., ("HPO"), and other lenders (together with Cleveland and HPO, the " Subordinated LOC provides the Company with a short-term line of credit (the "LOC") not less than $3,000,000and not more than $ proceeds of which shall be used by the Company for working capital purposes. In connection with the Subordinated LOC, the Com separate subordinated unsecured promissory note in favor of each respective Lender (each promissory note, a "Note") for each Lender' amount (each such commitment amount, a "Commitment Amount"). As of June 30, 2022 June 30, 2023, the Lenders committed to commitment of $4,000,000.

Pursuant to the terms of the Subordinated LOC, each Lender severally agrees to make loans (each such loan, an "Advance") up to Commitment Amount to the Company from time to time, until December 31, 2022 (the "Due Date"). On December 15, 2022, the Board the Company elected to extend the Due Date to December 31, 2023. The Company may, from time to time, prior to the Due Date, draw and re-borrow on the Note, by giving notice to the Lenders of the amount to be requested to be drawn down.

Each Note bears an interest rate of 15.0% per annum on each Advance from and after the date of disbursement of such Advance on (i) the Due Date in cash or shares of common stock of the Company (the "Common Stock") at the sole election of the Company, ur Date is extended pursuant to the Note, or (ii) on occurrence of an event of Default (as defined in the Note). The Due Date may be extende election of the Company for one (1) additional year period from the Due Date upon the payment of a commitment fee equal to two perc Commitment Amount to the Lender within thirty (30) days prior to the original Due Date, or (ii) by the Lender in writing. In addition, each a Subordination Agreement by and between the Lenders and Silicon Valley Bank, a California corporation ("SVB"), SVB dated as of May "Subordination Agreement") for the purposes of subordinating the right to payment under the Note to SVB's indebtedness by the outstanding or hereinafter incurred. On December 15, 2022, the Board of Directors of the Company elected to extend the Due Date to 2023 and the Company paid the Lenders an extension fee in the aggregate amount of $80,000. On July 28, 2023, in conjunction with t termination of the SVB Revolving LOC and the entry into a new credit facility with Gibraltar Business Capital ("GBC"), each Lender signed a Agreement by and between the Lenders and GBC dated as of July 28, 2023 (the "GBC Subordination Agreement") for the purposes of sub right to payment under the Note to GBC's indebtedness by the Company then incurred and outstanding or thereinafter incurred. (Subsequent Events)

The Subordinated LOC includes customary representations, warranties and covenants by the Company and the Lenders. The also agreed to pay the legal fees of Cleveland's counsel in an amount up to $10,000. In addition, each Note also provides that, upon the c Default, at the option of the Lender, the entire outstanding principal balance, all accrued but unpaid interest and/or Late Charges (as Note) at once will become due and payable upon written notice to the Company by the Lender.

In connection with entry into the Subordinated LOC, the Company paid to each Lender a one-time committee commitment fee ir 3.5% of such Lender's Commitment Amount. In addition, in consideration of the Lenders' commitment to provide the Advances to the Company issued the Lenders five-year warrants to purchase an aggregate of 128,000shares of common stock at an exercise price of $2.53 are, subject to certain ownership limitations, exercisable immediately (the "Warrants") (the number of warrants issued to each Lender product of (i) 160,000 shares of common stock multiplied by (ii) the ratio represented by each Lender's Commitment Amount c $5,000,000)..

Pursuant to a selling agreement, dated as of May 11, 2022, the Company retained HPO as its placement agent in conne Subordinated LOC. As compensation for services rendered in conjunction with the Subordinated LOC, the Company paid HPO a finder fe of the Commitment Amount from each such Lender placed by HPO in cash.

Esenjay Loan

On March 9, 2020, the Company and Esenjay Investments, LLC ("Esenjay") entered into a certain convertible promissory note ("C Note") pursuant to which Esenjay provided the Company with a loan in the principal amount of $750,000 (the "Esenjay Loan"). On Jur Original Esenjay Note was amended and restated to (i) extend the maturity date from June 30, 2020to September 30, 2020, and (ii) t principal amount outstanding under the Original Esenjay Note to $1,400,000 (the "Esenjay Note").

Between June 26, 2020 and July 22, 2020, Esenjay assigned a total of $900,000 of the Esenjay Note to three (3) accredited inve $900,000 note balance was converted into shares of common stock at $4.00 per share, which was the cash price per share, and resulted i of 225,000 shares of common stock.

On August 31, 2020, the Company entered into the Third Amended and Restated Credit Facility Agreement and pursuant to which further amended the Esenjay Note to, among other items, transfer all remaining principal and accrued interest outstanding of approxim into the amended Credit Facility Agreement. (See "Credit Facility" below).

Cleveland Loan

On July 3, 2019, the Company entered into a loan agreement with Cleveland, pursuant to which Cleveland agreed to loan $1,000,000 (the "Cleveland Loan") and issued Cleveland an unsecured short-term promissory note in the amount of $1,000,000 (th Promissory Note"). The Unsecured Promissory Note had an interest rate of 15.0% per annum and was originally due on September repaid earlier from a percentage of proceeds from certain identified accounts receivable. In connection with the Cleveland Loan, the Co Cleveland a three-year warrant (the "Cleveland Warrant") to purchase the Company's common stock in a number equal to 0.5% of the nur of common stock outstanding after giving effect to the shares of common stock sold in a contemplated public offering and with an exerc to the per share price of the common stock sold in the public offering.

On September 1, 2019, the Company entered into the First Amendment to the Unsecured Promissory Note pursuant to which date was extended to December 1, 2019(the "First Amendment") and the Cleveland Warrant terms were amended (the "Amended Amended Warrant increased the warrant coverage from 0.5% to 1% of the number of shares of common stock outstanding after givin shares of common stock sold in the next private or public offering and with an exercise price equal to the per share price of common sto private or public offering, as the case may be.

On July 9, 2020, the Company made a payment to Cleveland in the amount of $200,000 as a partial payment of the Cleveland Lo 2020, in connection with the outstanding loan from Cleveland to the Company in the principal amount of $957,000, the Company en Eighth Amendment to the Unsecured Promissory Note which extended the maturity date from July 31, 2020to August 31, 2020, and accrued and unpaid interest as of July 27, 2020 to the principal amount. On August 19, 2020, the Company paid Cleveland the entire rema balance due under the Cleveland Loan, together with all accrued interest payable as of August 19, 2020, in an aggregate amount of $978,000.

Credit Facility

On March 22, 2018, Flux Power entered into a credit facility agreement with Esenjay with a maximum borrowing amount of $ "Original Agreement"). The Original Agreement was amended multiple times to allow for, among other things, an increase in the maxi amount available under line of credit ("LOC") to $12,000,000, the inclusion of additional lenders and extension of the maturity date to 2021.

In August 2020, the Company paid down an aggregate principal amount of approximately $1,402,000 of the outstanding balance u On August 31, 2020, the Company entered into the Third Amended and Restated Credit Facility Agreement ("Third Amended and Re Agreement") pursuant to which the Company (i) extended the maturity date to September 30, 2021, and (ii) allowed for the transfer o obligations under the Esenjay Note of approximately $564,000 into the LOC as noted above. In November 2020, lenders holding ar approximately $2,161,000 in principal and accrued interest elected to convert their notes into 540,347 shares of common stock at a pri share. In January and March 2021, the lenders holding an aggregate of approximately $2,632,000 in principal and accrued interest elec their notes into 658,103 shares of common stock at a price of $4.00 per share of which approximately $1,045,000 was held by Esenjay and 261,133 shares of common stock.

On June 10, 2021, the Company repaid all obligations in full and without additional fees or termination penalties, and the Third Restated Credit Facility Agreement and the related Second Amended and Restated Security Agreement were terminated.

NOTE 9 - STOCKHOLDERS' EQUITY

At-The-Market ("ATM") Offering

On December 21, 2020 the Company entered into a Sales Agreement (the "Sales Agreement") with H.C. Wainwright & Co., LLC (shares of its common stock, par value $0.001(the (the "Common Stock") from time to time, through an "at-the-market offering" progr Offering").

The Company agreed to pay HCW a commission in an amount equal to 3.0% of the gross sales proceeds of the shares sold u Agreement. In addition, the Company agreed to reimburse HCW for certain legal and other expenses incurred up to a maximum of $50,0 the ATM Offering, and $2,500 per quarter thereafter to maintain such program under the Sales Agreement.The Company has also agree the Sales Agreement to indemnify and provide contribution to HCW against certain liabilities, including liabilities under the Securities Act.

On May 27, 2021, the Company filed Amendment No. 1 (the "Amendment") to the prospectus supplement dated December "Prospectus Supplement") to increase the size of the ATM Offering from an aggregate offering price of up to $10million in the Prospectus S an amended maximum aggregate offering price of up to $20million of shares of the Company's common stock (the "Shares") (which an the value of shares the Company has already sold prior to the date of the Amendment) pursuant to the base prospectus dated Octobe Prospectus Supplement, and the Amendment (collectively, the "Prospectus").

From December 21, 2020 through June 30, 2022 June 30, 2023, the Company sold an aggregate of 1,169,564 1,524,873shares of cor
an average price of $12.24 10.45per share for gross proceeds of approximately $14.3 15.9million under the ATM Offering. The Compan
proceeds of approximately $13.7 15.3million, net of commissions and other offering related expenses.

The Shares was were registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to the Company
Statement on Form S-3 (File No. 333-249521), declared effective by the Securities and Exchange Commission (the "Commission") on Oct
and the Prospectus. Sales of the Shares, if any, may be made by any method permitted by law deemed to be an "at-the-market offering
Rule 415(a)(4) of the Securities Act. The Company or the HCW may, upon written notice to the other party in accordance with the terr
Agreement, suspend offers and sales of the Shares. The Company and HCW each have the right, in its sole discretion, to terminate the Sa
at any time upon prior written notice pursuant to the terms and subject to the conditions set forth in the Sales Agreement.

Public Offering

Registered Direct Offering

On September 27, 2021, the Company closed a registered direct offering, priced at-the-market under Nasdaq rules ("RDO") 2,142,860shares of common stock and warrants to purchase up to an aggregate of 1,071,430shares of common stock, at an offering pr share and associated warrant for gross proceeds of approximately $15.0million prior to deducting offering expenses totaling approximat The associated warrants have an exercise price equal to $7.00per share and are exercisable upon issuance and expire in five years. HC exclusive placement agent for the registered direct offering.

The securities sold in the RDO were sold pursuant to a "shelf" registration statement on Form S-3 (File No. 333-249521), in prospectus, previously filed with the Securities and Exchange Commission (the "SEC") on October 16, 2020 and declared effective by the S 26, 2020. The registered direct offering of the securities was made by means of a prospectus supplement dated September 22, 2021 and SEC, that forms a part of the effective registration statement.

2020 Public Offering and NASDAQ Capital Market Uplisting

In August 2020, the Company closed an underwritten public offering of its common stock at a public offering price of $4.00 per s proceeds of approximately $12.4 million, which included the full exercise of the underwriters' over-allotment option to purchase addition to deducting underwriting discounts and commissions and offering expenses totaling approximately $1.7 million. A total of 3,099,250 shar stock were issued by the Company in the offering, including the full exercise of the over-allotment option. The securities were offere a "shelf" registration statement will expire on Form S-1 (File No. 333-231766), which was declared effective by the SEC on August 12, 20 2023. Concurrent with the announcement of the public offering, on August 14, 2020, the Company's common stock commenced t NASDAQ Capital Market under the symbol "FLUX."

Private Placements

2020 Private Placement

On April 22, 2020, the Company sold an aggregate of 66,250 shares of common stock, at $4.00 per share, for an aggregate pu $265,000 in cash to two (2) accredited investors. On June 30, 2020, the Company sold an additional 275,000 shares of common stock at $4. its June closing of the offering, for an aggregate purchase price of $1,100,000 to six (6) accredited investors ("June Closing:"). Esenjay and Company's president and chief executive officer, participated in the June Closing in the amount of $300,000 and $50,000, respectively. O the Company sold an aggregate of 800,000 shares under the 2020 Private Placement at $4.00 per share, for an aggregate purchase price c cash to accredited investors, including Mr. Cosentino, a former director, who participated in the offering in the amount of $250,000.

The shares offered and sold in the private placement offerings described above were sold to accredited investors in reliance upo from registration pursuant to Rule 506(b) of Regulation D promulgated under Section 4(a)(2) under the Securities Act. Such shares were under the Securities Act of 1933, as amended ("Securities Act"), and could not be offered or sold in the United States absent registration o exemption from the registration requirements of the Securities Act. Pursuant to a registration statement on Form S-3 filed with the SEC 2020, which became effective on October 26, 2020, such shares were registered.

Debt Conversion

LOC Conversion

On June 30, 2020, there was a partial conversion of $7,383,000 in principal and accrued interest outstanding under the secured pro at a conversion price of $4.00 per share that resulted in the issuance of 1,845,830 shares of common stock.

On November 6, 2020, there was a partial conversion of $2,161,000 in principal and accrued interest outstanding under the secur notes at $4.00 per share that resulted in the issuance of 540,347 shares of common stock.

In January and March 2021, there were conversions of the remaining balance of approximately $2,632,000 in principal and ac outstanding under the secured promissory notes that resulted in the issuance of 658,103 shares of common stock.

All conversions were at the option of the lenders, and all outstanding secured promissory notes were converted into shares of co

Esenjay Note Conversion

On June 30, 2020, two (2) accredited individuals, who had been assigned $500,000 of the Esenjay Note, converted all principal into of common stock at $4.00 per share. On July 22, 2020, one accredited individual, who had been assigned $400,000 of the Esenjay Note principal into 100,000 shares of common stock at $4.00 per share.

Warrants

On July 3, 2019, the Company issued a three-year warrant to Cleveland Capital, L.P. ("Cleveland Warrant") to purchase our comm number equal to one-half percent (0.5%) of the number of shares of common stock outstanding after giving effect to the total numbe common stock sold in a public offering at an exercise price equal to the per share public offering price. On September 1, 2019, the Clev was amended and restated to change the warrant coverage from 0.5% to 1% of the number of shares of common stock outstanding aft to the total number of shares of common stock sold in the next private or public offering ("Offering") at an exercise price equal the per common stock sold in the Offering. The closing of a private offering constituting the Offering occurred on July 24, 2020. Upon such closin and the exercise price of the Cleveland Warrant became determinable, and represented as a right to purchase up to 83,205 shares of co $4.00 per share and had a fair value of approximately $174,000. As of June 30, 2021, all 83,205 warrants remained outstanding and exercisa

In August 2020 and in conjunction with the Company's public offering, the Company issued five-year warrants to the underwrite up to 185,955 shares of the Company's common stock at an exercise price of $4.80 per share and had a fair value of approximately underwriters' warrants became exercisable on February 8, 2021.

In connection with the Company's RDO, in September 2021 the Company issued five-yearwarrants to the RDO investors to p 1,071,430shares of the Company's common stock at an exercise price of $7.00per share and were estimated to have a fair value of $3,874,000. The warrants were exercisable immediately and are limited to beneficial ownership of 4.99% at any point in time in accord warrant agreement.

In May 2022 and in conjunction with entry into a credit facility with Cleveland, Capital, L.P. ("Cleveland"), Herndon Plan ("HPO"), HPO, and other lenders (together with Cleveland and HPO, the "Lenders"), the Company issued five-yearwarrants to the Lende up to 128,000shares of the Company's common stock at an exercise price of $2.53per share and had a fair value of approximately $173,00

In June 2022 and in conjunction with the entry into the Second Amendment to Loan and Security Agreement with Silico
("SVB"), SVB, the Company issued twelve-year warrants to SVB and its designee, SVB Financial Group, to purchase up to 40,806shares of t
common stock at an exercise price of $2.23per share and had a fair value of approximately $80,000.

Warrant detail for the year ended June 30, 2023 is reflected below:

	Number of Warrants		Weighted Average Exercise Price Per Warrant	Re C (#
Warrants outstanding and exercisable at June 30, 2022	1,455,119	$	6.10	
Warrants issued	-	$	-	
Warrants outstanding and exercisable at June 30, 2023	1,455,119	$	6.10	

Warrant detail for the year ended June 30, 2022 is reflected below:

	Number of Warrants		Weighted Average Exercise Price Per Warrant	Re C (#
Warrants outstanding and exercisable at June 30, 2021	214,883	$	4.49	
Warrants issued	1,240,236	$	6.38	
Warrants outstanding and exercisable at June 30, 2022	1,455,119	$	6.10	

Warrant detail for the year ended June 30, 2021 is reflected below:

	Number of Warrants		Weighted Average Exercise Price Per Warrant	Re C (
Warrants outstanding and exercisable at June 30, 2020	83,205	$	4.00	
Warrants issued	185,955	$	4.80	
Warrants exercised	(40,993)	$	4.80	
Warrants forfeited	(13,284)	$	4.80	
Warrants outstanding and exercisable at June 30, 2021	214,883	$	4.49	

Stock Options

In connection with the reverse acquisition of Flux Power, Inc Inc. in 2012, the Company assumed the 2010 Plan. As of June 30, 2022 there were 21,944options to purchase common stock outstanding under the 2010 Plan. No additional options may be granted under the

On February 17, 2015, the Company's stockholders approved the 2014 Equity Incentive Plan (the "2014 Plan"). The 2014 Plan employees, directors, and consultants the opportunity to acquire the Company's common stock subject to vesting requirements encourage such persons to remain employed by the Company and to attract new employees. The 2014 Plan allows for the award of t common stock and stock options, up to 1,000,000shares of the Company's common stock. As of June 30, 2022 June 30, 2023, 170,725 91,90 Company's common stock were available for future grants under the 2014 Plan.

On April 29, 2021, the Company's stockholders approved the 2021 Equity Incentive Plan (the "2021 Plan"). The 2021 Plan authorize of awards for up to 2,000,000shares of common stock in the form of incentive stock options, non-statutory stock options, stock appr restricted stock units, restricted stock awards and unrestricted stock awards to officers, directors and employees of, and consultants ar the Company or its affiliates. As of June 30, 2022 June 30, 2023, no awards had been granted1,587,147 shares of the Company's comm available for future grants under the 2021 Plan.

On October 31, 2022, the Board of Directors authorized a total of 624,441 stock options to be granted under the Company's 2014 Plan.

Activity in stock options during the year ended June 30, 2023 and related balances outstanding as of that date are reflected below

	Number of Shares		Weighted Average Exercise Price	W A Re C (#
Outstanding at June 30, 2022	503,433	$	11.03	
Granted	624,441	$	3.43	
Exercised	(22,500)	$	4.60	
Forfeited and cancelled	(131,974)	$	10.03	
Outstanding at June 30, 2023	973,400	$	6.44	
Exercisable at June 30, 2023	398,922	$	10.77	

Activity in stock options during the year ended June 30, 2022 and related balances outstanding as of that date are reflected below

SCHEDULE OF STOCK OPTIONS ACTIVITY

	Number of Shares		Weighted Average Exercise Price	W A Re C (#
Outstanding at June 30, 2021	531,205	$	11.02	
Exercised	(3,400)	$	4.65	
Forfeited and cancelled	(24,372)	$	11.65	
Outstanding and exercisable at June 30, 2022	503,433	$	11.03	

Activity in stock options during the year ended June 30, 2021 and related balances outstanding as of that date are reflected below:

	Number of Shares		Weighted Average Exercise Price	W A R C (
Outstanding at June 30, 2020	579,584	$	11.00	
Exercised	(22,760)	$	6.16	
Forfeited and cancelled	(25,619)	$	14.62	
Outstanding at June 30, 2021	531,205	$	11.02	
Exercisable at June 30, 2021	490,323	$	10.87	

Restricted Stock Units

On November 5, 2020, the Company's Board of Directors approved an amendment to the 2014 Plan, to allow for grants of Restrict
("RSUs"). Subject to vesting requirements set forth in the RSU Award Agreement, one share of common stock is issuable for one v
November 5, 2020 April 29, 2021, the Board of Directors authorized the following RSUs to be granted under the amended 2014 Plan: (i) a
18,312RSUs to certain executive officers as one-time retention incentive awards, and (ii) a total of 91,338 RSUs to certain key employ
equity compensation of which 45,652 were performance-based RSUs and 45,686 were time-based RSUs. On April 29, 2021, an addition
based RSUs were authorized by the Company's Board of Directors to be granted under the amended 2014 Option Plan. On October 29, 2
of Directors authorized the following RSUs to be granted under the amended 2014 Option Plan: (i) a total of 97,828RSUs to certain execu
which 48,914were performance-based RSUs and 48,914were time-based RSUs, and (ii) a total of 81,786time-based RSUs to certain other k
The RSUs are subject to the terms and conditions provided in (i) the Restricted Stock Unit Award Agreement for time-based awards ("Tim
Agreement"), and (ii) the Performance Restricted Stock Unit Award Agreement for performance-based awards ("Performance-based Awar
On April 20, 2023, a total of 67,532 time-based RSUs were authorized by the Company's Board of Directors to be granted to the Compa
executive directors under the amended 2014 Option Plan.

Activity in RSUs during the year ended June 30, 2023 and related balances outstanding as of that date are reflected below:

	Number of Shares		Weighted Average Grant date Fair Value	W A Re C (#
Outstanding at June 30, 2022	304,221	$	6.06	
Granted	72,566	$	3.44	
Vested and settled	(109,676)	$	3.77	
Forfeited and cancelled	(73,362)	$	6.80	
Outstanding at June 30, 2023	193,749	$	6.09	

Activity in RSUs during the year ended June 30, 2022 and related balances outstanding as of that date are reflected below:

SCHEDULE OF RESTRICTED STOCK UNITS ACTIVITY

	Number of Shares		Weighted Average Grant date Fair Value	W A Re Cont (#
Outstanding at June 30, 2021	131,652	$	9.25	
Granted	250,786	$	4.82	
Vested/Settled	(9,156)	$	11.56	
Forfeited and cancelled	(69,061)	$	6.93	
Outstanding at June 30, 2022	304,221	$	6.06	

Activity

Employee Stock Purchase Plan

On March 6, 2023, the Company's Board of Directors approved the 2023 Employee Stock Purchase Plan (the "2023 ESPP").which was approved by the Company's stockholders on April 20, 2023. The 2023 ESPP enables eligible employees of the Company and subsidiaries (a "Participating Subsidiary") to use payroll deductions to purchase shares of the Company's Common Stock and acquire interest in RSUs the Company. The maximum aggregate number of shares of the Company's Common Stock that have been reserved as the grant of options under the 2023 ESPP is 350,000 shares, subject to adjustment as provided for in the 2023 ESPP. Participation in th voluntary and is limited to eligible employees (as such term is defined in the 2023 ESPP) of the Company or a Participating Subsidiary wl employed by the Company or a Participating Subsidiary for at least 90 days and (ii) is customarily employed for at least twenty (20) hours more than five (5) months in any calendar year. Each eligible employee may authorize payroll deductions of 1-15% of the eligit compensation on each pay day to be used to purchase up to 1,500 shares of Common Stock for the employee's account occurring dur period. The 2023 ESPP has a term of ten (10) years commencing on April 20, 2023, the year ended June 30, 2021 and related balances outst of that date are reflected below: approval by the Company's stockholders, unless otherwise earlier terminated.

	Number of Shares	Weighted Average Grant date Fair Value	W A Re Con (
Outstanding at June 30, 2020	-	$ -	
Granted	153,177	$ 9.20	
Forfeited and cancelled	(21,525)	$ 8.88	
Outstanding at June 30, 2021	131,652	$ 9.25	

There was no stock purchased under the 2023 ESPP during Fiscal 2023.

Stock-based Compensation

Stock-based compensation expense for the fiscal years ended June 30, 2022 June 30, 2023 and 2021 2022 represents the estimate stock options and RSUs at the time of grant amortized under the straight-line method over the expected vesting period and reduced forfeitures of options and RSUs. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual fo from original estimates. At June 30, 2022 June 30, 2023, the aggregate intrinsic value of the outstanding options and the exercisable opt approximately $506,000 and $0. , respectively.

The following table summarizes stock-based compensation expense for employee and non-employee option and RSU grants:

	Year Ended June 30,	
	2023	2
Research and development	$ 173,000	$
Selling and administrative	625,000	
Total stock-based compensation expense	$ 798,000	$

Years ended June 30,	2022	
Research and development	$ 144,000	$
Selling and administrative	567,000	
Total stock-based compensation expense	$ 711,000	$

The Company uses the Black-Scholes valuation model to calculate the fair value of stock options. The fair value of stock options at the grant date using the assumptions (annualized percentages) in the table below:

	Year Ended June 30,	
	2023	20
Expected volatility	90.12 %	
Risk free interest rate	4.21 %	
Forfeiture rate	20 %	
Dividend yield	0 %	
Expected term (years)	6.25	

(1) No stock options were granted during the year ended June 30, 2022.

At June 30, 2022 June 30, 2023, the unamortized stock-based compensation expense relating to outstanding stock options approximately $0 876,000 and $983,000 474,000, respectively. The unamortized amount related to RSUs is respectively, and these amount to be expensed over the weighted-average remaining recognition period of 1.82 3.34 years and 0.98years. years, respectively.

NOTE 10 - INCOME TAXES

Pursuant to the provisions of FASB ASC Topic No. 740 Income Taxes ("ASC 740"), deferred income taxes reflect the net effect of difference between carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax reporting pur net operating loss and tax credit carryforwards. No net provision for refundable Federal income taxes has been made in the accompany of operations because no recoverable taxes were paid previously. A valuation allowance of approximately $22,951,000 23,923,000ar 22,951,000has been established to offset the net deferred tax assets as of June 30, 2022 June 30, 2023 and 2021, 2022, respectively, due to surrounding the Company's ability to generate future taxable income to realize these assets.

The Company is subject to taxation in the United States, California and California. Georgia. The Company's tax years for 2010 ar subject to examination by the United States and California tax state taxing authorities due to the carry forward of unutilized net operat research and development credits (if any).

The Company has incurred losses since inception, so no inception. A current state income tax provision or benefit of $2, recorded. recorded for state minimum and net worth taxes. Significant components of the Company's net deferred tax assets are show below.

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ende 2023
Deferred Tax Assets:			
Net operating loss carryforwards	$ 20,654,000	$ 16,111,000	$ 20,673,000
Research & development credit carryforward	27,000	27,000	27,000
Capitalized research and development expenses			1,405,000
Stock compensation	1,636,000	1,696,000	971,000
Interest expense Sec. 163	-	366,000	
Lease liability	802,000	924,000	736,000
Other, net	559,000	564,000	776,000
Gross deferred tax assets	23,678,000	19,688,000	24,588,000
Valuation allowance for deferred tax assets	(22,951,000)	(18,839,000)	
Less Valuation allowance			(23,923,000)
Total deferred tax assets	$ 727,000	$ 849,000	665,000
Deferred Tax Liabilities:			
Right of use asset	$ (727,000)	$ (849,000)	(665,000)
Total deferred tax liabilities	(727,000)	(849,000)	(665,000)
Net deferred tax liabilities	$ -	$ -	$ -

At June 30, 2022 June 30, 2023, the Company had unused net operating loss ("NOL") carryovers of approximately $74,150,000 $72,776,000 77,993,000 that are available to offset future federal and state taxable income, respectively. Federal NOL carryforwards arisin approximately $51,742,000 50,269,000 do not expire. Federal NOL carryforwards arising before 2018 of approximately $22,408,000 and NOL carryforward begin to expire in 2030.

The provision for income taxes on earnings subject to income taxes differs from the statutory federal rate at June 30, 2022 Jun 2021, 2022, due to the following:

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year End 2023
Federal income taxes at 21%	$ (3,278,000)	$ (2,686,000)	
Federal income taxes at 21%			$ (1,415,000
State income taxes, net	(1,090,000)	(894,000)	(422,000
Permanent differences and other	102,000	(58,000)	152,000
Other true ups, if any	154,000	(27,000)	715,000
Change in valuation allowance	(4,112,000)	(3,665,000)	972,000
Provision for income taxes	$ -	$ -	$ 2,000

Internal Revenue Code Sections 382 limits the use of our net operating loss carryforwards if there has been a cumulative change i more than 50% within a three-year period. The Company has not yet completed a Section 382 net operating loss analysis. In the eve analysis determines there is a limitation on the use on net operating loss carryforwards to offset future taxable income, the recorded def relating to such net operating loss carryforwards will be reduced. However, as the Company has recorded a full valuation allowance deferred tax assets, there is no impact on the Company's consolidated financial statements as of June 30, 2022 June 30, 2023 and 2021. 202

Under ASC 740, the impact of an uncertain income tax position on the income tax return must be recognized at the largest a more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recogniz than a 50% likelihood of being sustained. Additionally, ASC 740 provides guidance on de-recognition, classification, interest and penalties interim periods, disclosure and transition.

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In accordance with ASC 740, there are nounrecognized tax benefits as of June 30, 2022 June 30, 2023 or June 30, 2021 June 30, 2022.

The Tax Cuts and Jobs Act resulted in significant changes to the treatment of research or experimental ("R&E") expenditures und For tax years beginning after December 31, 2021, taxpayers are required to capitalize and amortize all R&E expenditures that are paid connection with their trade or business which represent costs in the experimental or laboratory sense. Specifically, costs for U.S. basec must be amortized over five years and costs for foreign R&E activities must be amortized over 15 years; both using a half year cc Company has incorporated the impact of this new tax legislation into its financial statements as of June 30, 2023 and established a $1.4 m tax asset for the remaining amortizable tax basis in its R&E costs in the table of net deferred tax assets above. The impact on the Comp statements was immaterial given the full valuation allowance against the Company's U.S. net deferred tax assets.

NOTE 11 - CONCENTRATIONS

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cas and unsecured trade accounts receivable. The Company maintains cash balances in non-interest-bearing bank deposit accounts commercial bank. Our The Company's cash balance at this institution is secured by the Federal Deposit Insurance Corporation up to $250, 30, 2022 June 30, 2023 and 2021, 2022, cash was approximately $485,000 2.4, million and $4,713,000 485,000, respectively.

respectively,

On March 10, 2023, the Federal Deposit Insurance Corporation (the "FDIC") issued a press release stating that Silicon Valley Ba closed by the California Department of Financial Protection and Innovation, which consisted appointed the FDIC as receiver. In a joint sta by the Department of funds held the Treasury, Board of Governors of the Federal Reserve System and Federal Deposit Insurance Corpora 12, 2023, the Department of Treasury took actions to enable the FDIC to complete its resolution of SVB in a non-interest bearing bank de manner that fully protects all depositors. According to the joint statement (the "Statement"), depositors will have access to all of their r Monday, March 13, 2023. On March 13, 2023, Silicon Valley Bridge Bank, N.A., the new entity formed by the FDIC announced appointment who provided assurance of immediate restoration of full banking services. On March 27, 2023, First Citizens BancShares, Inc. announ entered into an agreement with the FDIC to purchase all of the assets and liabilities of Silicon Valley Bridge Bank, N.A.

The Company has not experienced any losses in such accounts. Management believes that the Company is not exposed to credit risk with respect to its cash.

Customer Concentrations

During the year ended June 30, 2023, the Company had two (2) major customers that each represented more than 10% of its re individual basis, and together represented approximately $38,035,000 or 57% of its total revenues.

During the year ended June 30, 2022, the Company had four (4) major customers that each represented more than 10% of its re individual basis, and together represented approximately $29,254,000or 69% of its total revenues.

During the year ended June 30, 2021, the Company had three (3) major customers that each represented more than 10% of its re individual basis, and together represented approximately $16,004,000 or 61% of its total revenues.

Suppliers/Vendor Concentrations

The Company obtains a limited number of components and supplies included in its products from a small group of suppliers. D ended June 30, 2022 June 30, 2023 the Company had one (1) supplier who accounted for more than 10% 10% of its total purchases whic approximately $13,884,000 17,022,000or 28 31% of its total purchases.

During the year ended June 30, 2021 June 30, 2022 the Company had two (2) suppliers one (1) supplier who accounted for more th its total purchases on an individual basis, and together which represented approximately $9,260,000 13,884,000or 27 28% of its total purch

NOTE 12 - COMMITMENTS AND CONTINGENCIES

From time to time, the Company may become involved in various lawsuits and legal proceedings which arise in the ordinary cour However, litigation is subject to inherent uncertainties and an adverse result in these or other matters any legal proceedings that may aris time that may harm our the Company's business. To the best knowledge The Company is not aware of management, there are no any proceedings currently pending or expected against the Company.

Operating Leases

On April 25, 2019 the Company signed a Standard Industrial/Commercial Multi-Tenant Lease ("Lease") with Accutek to rent 45,600square feet of industrial space at 2685 S. Melrose Drive, Vista, California. The Lease has an initial term of seven years anc commencing and commenced on or about June 28, 2019. The lease contains an option to extend the term for two periods of 24 months right of first refusal to lease an additional approximate 15,300 square feet. The monthly rental rate was $42,400for the first 12 months, es each year.

On February 26, 2020, the Company entered into the First Amendment to Standard Industrial/Commercial Multi-Tenant Lease 2019 (the "Amendment") with Accutek to rent an additional 16,309rentable square feet of space plus a residential unit of approximately square feet (for a total of approximately 17,539rentable square feet). The lease for the additional space commenced 30 days following date of the additional space and terminates will terminate concurrently with the term for the lease of the original lease, which expires on 2026. The base rent for the additional space is the same rate as the space rented under the terms of the original lease, $0.93per rentable s to 3% annual increase).Rent during the year ended June 30, 2022 was approximately $62,000 per month. In connection with the Am Company purchased certain existing office furniture for a total purchase price of $8,300.

On December 16, 2022 the Company signed a Lease Agreement with MM Parker Court Associates, LLC to rent approximately 4,8 of office space at Building 1959 Parker Court, Suite E, Atlanta, Georgia. The Lease has an initial term of five years and three months and c or about February 1, 2023. The monthly rental rate was approximately $2,300 for the first 6 months, and $4,700 for months 7 to 12, es each year.

Total rent expense was approximately $867,000899,000 and $841,000867,000 for the fiscal years ended June 30, 2022June 2021, 2022, respectively.

Financed Leases

The Company leased entered several financed leases during the year ended June 30, 2023 as follows:

Lease Date	Property Leased	Lease Term (months)	Commencement Date	Mor Pa
9/2/2022	Vehicle	60	9/10/2022	$
10/17/2022	Manufacturing equipment	36	10/17/2022	$
1/24/2023	Manufacturing equipment	36	1/24/2023	$
3/2/2023	Manufacturing equipment	36	3/2/2023	$

(1) Excludes sales tax and other fees.

Lease costs are amortized on a straight-line basis over their respective lease terms. Depreciation expense related to leas approximately $86,000 for the year ended June 30, 2023. Interest expense on leased liabilities was approximately $23,000 for the year e 2023. The Company had no financed leases during the year ended June 30, 2022.

The Future Minimum Lease Payments are: as of June 30, 2023 are as follows:

		Operatin Leases
2023	$ 768,000	
Year Ending June 30,		
2024	791,000	$ 854,0
2025	815,000	883,0
2026	840,000	910,0
Thereafter	359,000	
2027		433,0
2028		64,0
Total Future Minimum Lease Payments	3,573,000	3,144,0
Less: discount	(708,000)	(445,0
Total lease liability	$ 2,865,000	$ 2,699,0

NOTE 13 - SUBSEQUENT EVENTS

Separation Gibraltar Credit Facility

On July 28, 2023, we entered into a certain Loan and Security Agreement (the "Agreement") with Gibraltar Business Capital, LI
limited liability company ("GBC"). The Agreement provides us with a senior secured revolving loan facility (the "GBC Credit Facility") for up
(the "Revolving Loan Commitment"). The revolving amount available under the GBC Credit Facility is equal to the lesser of the R
Commitment and the borrowing base amount (as defined in the Agreement). The GBC Credit Facility is evidenced by a revolving note, whi
July 28, 2025 (the "Maturity Date"), unless extended, modified or renewed (the "Revolving Note"). Provided that there is no event
Maturity Date can automatically be extended for one (1) year period upon payment of a renewal fee for each such extension in the am
quarters of one percent (0.75%) of the Revolving Loan Commitment, which fee will be due and payable on or before the applicable Ma
addition, subject to conditions and terms set forth in the Agreement, the we may request an increase in the Revolving Loan Commitmer
time upon not less than 30 days' notice to GBC which increase may be made at the sole discretion of GBC, as long as: (a) the requested
minimum amount of $1.0 million, and (b) the total increases do not exceed $5.0 million and no more than five (5) increases are made
principal under the GBC Credit Facility accrues interest at Secured Overnight Financing Rate ("SOFR", as defined in the Agreement) plus fiv
of one percent (5.50%) per annum with such interest payment is due monthly on the last day of the month. In the event of default, the
under the Agreement bears interest at a rate per annum equal to three percent (3.0%) above the rate that is otherwise applicable to such
paid GBC a non-refundable closing fee for the GBC Credit Facility of $112,500 upon the execution of the Agreement. In addition, the Compa
to pay a monthly unused line fee equal to one-half of one percent (0.50%) per annum on the difference between the Revolving Loan Cor
the average outstanding principal balance of the revolving loan(s) for such month. The obligations under the GBC Credit Facility may
whole or in part at any time upon an exit fee of (a) two percent (2.00%) of the Revolving Loan Commitment if the obligations are paid in
first year after the closing date, or (b) one percent (1.00%) of the Revolving Loan Commitment if the obligations are paid in full one year a
date, provided, that, the exit fee will be waived if such prepayment occurs in connection with the refinancing of the obligations with Ba
N.A., as lender.

On August 12, 2022, Jonathan Berry, The Agreement contains customary representations and warranties, events of default,
affirmative covenants and financial covenants including maintaining minimum tangible net worth, and certain limitations on dispositions
Agreement also contains usual and customary events of default (with customary grace periods, as applicable) and provides that, upon t
Chief Operating Officer, separated from the Company and entered into occurrence of an Employee Separation and Release agreement da
2022 ("Separation Agreement"). Under the Separation Agreement, the Company agreed to provide Mr. Berry with certain payments
comprising of: (i) a separation event of default, payment of two hundred five thousand two hundred dollars, less required payroll wi
twenty-eight thousand nine hundred seven and 52/100 dollars, less required payroll withholdings, to defray costs for COBRA cove
reimbursement for an amount equal to twelve months for life insurance continuation (collectively, all amounts payable under th
Benefits"). In exchange for the Separation Benefits, among other things as set forth in the Separation Agreement, Mr. Berry agreed to a re
and waivers in favor of the Company and to certain restrictive covenant obligations, and also reaffirmed his GBC Credit Facility may
and/or GBC's commitment to comply with his existing restrictive covenant obligations. may be terminated by GBC without any action by G

The loans and other obligations of the Company under the GBC Credit Facility are secured by substantially all of the tangible
assets of the Company (including, without limitation, intellectual property) pursuant to the terms of the Agreement and the Intelle
Security Agreement entered into by and among the Company and GBC on July 28, 2023.

RSU Grants

Termination of Silicon Valley Bank LOC

On July 28, 2023, the Company terminated the Loan and Security Agreement, by and among the Company and SVB, dated as o
2020, as amended, and concurrent with the entry into the Loan and Security Agreement, by and among Gibraltar Business Capital and th
noted above. The Company repaid the entire outstanding principal balance of the SVB Credit Facility plus all accrued and unpaid intere
fees through the date of termination with a portion of the funds from the GBC Credit Facility on July 28, 2023.

On August 26, 2022, as compensation for board services provided during the last quarter of Fiscal 2022, Ms. Bo-Linn, a director of the
granted 5,034 RSUs, of which 1/3 vested immediately, each of the remaining 1/3 of the RSUs will vest on April 29, 2023, and April 29, 2024
grant was consistent with the standard equity component of Non-Executive Director Compensation Package as approved by the Board.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement Statements on Form S-3 (No (File No. 333-249521) and on F
(No. 333-229644) (File Nos. 333-229644, and 333-267974) of Flux Power Holdings, Inc. (the "Company") of our report dated S
2022 September 21, 2023, relating to the consolidated financial statements, which appears on page F-1 of Flux Power Holdings, Inc., ap
Annual Report annual report on Form 10-K of Flux Power Holdings, Inc. for the year ended June 30, 2022 June 30, 2023.

/s/ Baker Tilly US, LLP

BAKER TILLY US, LLP

San Diego, California CA
September 27, 2022 21, 2023

Exhibit 31.1
CERTIFICATIONS CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Ronald F. Dutt, certify that:

1. I have reviewed this Annual Report on Form 10-K of Flux Power Holdings, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact nece the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the peri this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all materi financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) for the Registrant and have:

1. I have reviewed this Annual Report on Form 10-K of Flux Power Holdings, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessa statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period c report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all materi financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) an the Registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under ou to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be desigr supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial s external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusio effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evalua

d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Reg recent fiscal quarter (the Registrant's fourth fiscal quarter) period covered by the annual report that has materially affected, or likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial re Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions)

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial re Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporti reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Regist control over financial reporting.

Date: September 21, 2023
Date: September 27, 2022 By:

By:	*/s/ Ronald F. Dutt*
Name:	Ronald F. Dutt
Title:	Chief Executive Officer
	Title:

Exhib

CERTIFICATIONS CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Charles A. Scheiwe, certify that:

1. I have reviewed this Annual Report on Form 10-K of Flux Power Holdings, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact nece the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the peri this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all materi financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) for the Registrant and have:

1. I have reviewed this Annual Report on Form 10-K of Flux Power Holdings, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessa statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period c report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all materi financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) an the Registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under ou to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be desig supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial s external purposes in accordance with generally accepted accounting principles;

c. c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusi effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evalua

d. d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Reg recent fiscal quarter (the Registrant's fourth fiscal quarter) period covered by the annual report that has materially affected, or likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial re Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions)

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial re Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporti reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Regist control over financial reporting.

Date: September 21, 2023

Date: September 27, 2022 By:

By: *Is/ Charles A. Scheiwe*
Name: Charles A. Scheiwe
Title: Chief Financial Officer

Title:

Exhib

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Flux Power Holdings, Inc. (the "Company") on Form 10-K for the year ended June 30, 2022 June 3(with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the date in hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knov

1. (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
   (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of ope Company.
   Date: September 21, 2023

By: */s/ Ronald F. Dutt*

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: September 27, 2022

By: */s/ Ronald F. Dutt*

Name: Ronald F. Dutt

Title: Chief Executive Officer

Title: Chief Executive Officer
(Principal Executive Officer)

Exhib

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Flux Power Holdings, Inc. (the "Company") on Form 10-K for the year ended June 30, 2022 Ju filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 20 knowledge:

1. (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of ope
Company.
Date: September 21, 2023

By: */s/ Charles A. Scheiwe*

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: September 27, 2022

By: */s/ Charles A. Scheiwe*

Name: Charles A. Scheiwe

Title: Chief Financial Officer

Title: Chief Financial Officer
(Principal Financial Officer)