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

FORM 10-Q

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

For the Quarterly Period Ended December 31, 2025

OR

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

Commission file number 001-33887

Orion Energy Systems, Inc.
(Exact name of Registrant as specified in its charter)

Wisconsin	**39-1847269**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification number)**
2210 Woodland Drive, Manitowoc, Wisconsin	**54220**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: (920) 892-9340

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, no par value	**OESX**	The Nasdaq Stock Market LLC (NASDAQ Capital Market)

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 Registrant 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) during the preceding 12 months (or for 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, 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.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 4,052,863 shares of the Registrant's common stock outstanding on February 4, 2026.

ORION ENERGY SYSTEMS, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTER ENDED DECEMBER 31, 2025

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	December 31, 2025	March 31, 2025
Assets		
Cash and cash equivalents	$ 4,721	$ 5,972
Accounts receivable, net	13,249	12,845
Revenue earned but not billed	3,611	3,350
Inventories, net	9,866	11,392
Prepaid expenses and other current assets	1,356	1,939
Total current assets	32,803	35,498
Property and equipment, net	7,367	8,026
Goodwill	1,484	1,484
Other intangible assets, net	2,770	3,379
Other long-term assets	3,827	4,076
Total assets	$ 48,251	$ 52,463
Liabilities and Shareholders' Equity		
Accounts payable	$ 14,522	$ 13,272
Accrued expenses and other	8,717	12,728
Deferred revenue, current	190	491
Current maturities of long-term debt	803	353
Total current liabilities	24,232	26,844
Revolving credit facility	5,750	7,000
Long-term debt, less current maturities	3,291	2,971
Deferred revenue, long-term	281	337
Other long-term liabilities	2,858	3,427
Total liabilities	36,412	40,579
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $0.01 par value: Shares authorized: 30,000,000 at December 31, 2025 and March 31, 2025; no shares issued and outstanding at December 31, 2025 and March 31, 2025	—	—
Common stock, no par value: Shares authorized: 20,000,000 at December 31, 2025 and March 31, 2025; shares issued: 4,314,582 at December 31, 2025 and 4,247,023 at March 31, 2025; shares outstanding: 3,552,077 at December 31, 2025 and 3,298,389 at March 31, 2025	—	—
Additional paid-in capital	163,345	163,025
Treasury stock, common shares: 762,505 at December 31, 2025 and 948,634 at March 31, 2025	(34,948)	(36,248)
Accumulated deficit	(116,558)	(114,893)
Total shareholders' equity	11,839	11,884
Total liabilities and shareholders' equity	$ 48,251	$ 52,463

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

On August 22, 2025, Orion enacted a 1-for-10 reverse stock split on all common stock. All current and prior periods have been adjusted to accurately show the amount of shares post-split.

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Product revenue	$ 14,639	$ 14,308	$ 40,964	$ 39,442
Service revenue	6,450	5,276	19,619	19,409
Total revenue	21,089	19,584	60,583	58,851
Cost of product revenue	9,780	9,347	27,379	26,809
Cost of service revenue	4,802	4,483	14,619	17,541
Total cost of revenue	14,582	13,830	41,998	44,350
Gross profit	6,507	5,754	18,585	14,501
Operating expenses:				
General and administrative	3,385	3,857	11,487	12,970
Sales and marketing	2,499	2,859	7,291	8,644
Research and development	237	287	676	840
Total operating expenses	6,121	7,003	19,454	22,454
Income (loss) from operations	386	(1,249)	(869)	(7,953)
Other income (expense):				
Interest expense	(203)	(255)	(652)	(800)
Amortization of debt issue costs	(51)	(49)	(152)	(155)
Royalty income	46	45	49	61
Interest income	—	1	—	1
Total other expense	(208)	(258)	(755)	(893)
Income (loss) before income tax	178	(1,507)	(1,624)	(8,846)
Income tax expense	18	1	41	44
Net income (loss)	$ 160	$ (1,508)	$ (1,665)	$ (8,890)
Basic net income (loss) per share	$ 0.05	$ (0.46)	$ (0.48)	$ (2.71)
Weighted-average common shares outstanding	3,540,765	3,292,332	3,457,481	3,278,711
Diluted net income (loss) per share	$ 0.04	$ (0.46)	$ (0.48)	$ (2.71)
Weighted-average common shares and share equivalents outstanding	3,637,008	3,292,332	3,457,481	3,278,711

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

On August 22, 2025, Orion enacted a 1-for-10 reverse stock split on all common stock. All current and prior periods have been adjusted to accurately show the amount of shares post-split.

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except share amounts)

	Shareholders' Equity				
	Common Stock				
	Shares	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Shareholders' Equity
Balance, March 31, 2025	3,298,389	$ 163,025	$ (36,248)	$ (114,893)	$ 11,884
Shares issued under Employee Stock Purchase Plan	25	—	—	—	—
Stock-based compensation	56,949	166	—	—	166
Net loss	—	—	—	(1,244)	(1,244)
Balance, June 30, 2025	3,355,363	$ 163,191	$ (36,248)	$ (116,137)	$ 10,806
Shares issued under Employee Stock Purchase Plan	20	—	—	—	—
Shares issued to Final Frontier as partial payment of the accrued earnout liability	164,908	—	1,000	—	1,000
Stock-based compensation	10,579	157	—	—	157
Net loss	—	—	—	(581)	(581)
Balance, September 30, 2025	3,530,870	$ 163,348	$ (35,248)	$ (116,718)	$ 11,382
Issuance of treasury stock	21,166	—	300	—	300
Shares issued under Employee Stock Purchase Plan	10	—	—	—	—
Stock-based compensation	35	(3)	—	—	(3)
Employee tax withholdings on stock-based compensation	(4)	—	—	—	—
Net income	—	—	—	160	160
Balance, December 31, 2025	3,552,077	$ 163,345	$ (34,948)	$ (116,558)	$ 11,839

	Shareholders' Equity				
	Common Stock				
	Shares	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Total Shareholders' Equity
Balance, March 31, 2024	3,256,775	$ 161,869	$ (36,235)	$ (103,092)	$ 22,542
Shares issued under Employee Stock Purchase Plan	46	—	1	—	1
Stock-based compensation	17,520	294	—	—	294
Net loss	—	—	—	(3,758)	(3,758)
Balance, June 30, 2024	3,274,341	$ 162,163	$ (36,234)	$ (106,850)	$ 19,079
Shares issued under Employee Stock Purchase Plan	69	—	1	—	1
Stock-based compensation	16,163	348	—	—	348
Net loss	—	—	—	(3,625)	(3,625)
Balance, September 30, 2024	3,290,573	$ 162,511	$ (36,233)	$ (110,475)	$ 15,803
Shares issued under Employee Stock Purchase Plan	54	—	—	—	—
Stock-based compensation	3,414	180	—	—	180
Employee tax withholdings on stock-based compensation	(48)	—	—	—	—
Net loss	—	—	—	(1,508)	(1,508)
Balance, December 31, 2024	3,293,992	$ 162,691	$ (36,233)	$ (111,983)	$ 14,475

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

On August 22, 2025, Orion enacted a 1-for-10 reverse stock split on all common stock. All current and prior periods have been adjusted to accurately show the amount of shares post-split.

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended December 31, 2025	Nine Months Ended December 31, 2024
Operating activities		
Net loss	$ (1,665)	$ (8,890)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	714	959
Amortization of intangible assets	612	754
Stock-based compensation	320	822
Amortization of debt issue costs	152	155
Gain on sale of property and equipment	—	91
Provision for inventory reserves	339	115
Provision for credit losses	45	65
Other	2	197
Changes in operating assets and liabilities:		
Accounts receivable	(449)	1,723
Revenue earned but not billed	(261)	2,353
Inventories	1,187	4,462
Prepaid expenses and other assets	681	1,792
Accounts payable	1,253	(4,938)
Accrued expenses and other	(2,165)	1,668
Deferred revenue, current and long-term	(358)	(30)
Net cash provided by operating activities	407	1,298
Investing activities		
Purchases of property and equipment	(58)	(48)
Additions to patents and licenses	(3)	(7)
Proceeds from sale of property and equipment	—	189
Net cash (used in) provided by investing activities	(61)	134
Financing activities		
Payment of debt	(264)	(116)
Proceeds from debt	—	3,525
Proceeds from revolving credit facility	1,250	—
Payments of revolving credit facility	(2,500)	(2,500)
Issuance of treasury stock	300	—
Costs incurred related to issuance of subordinated debt	(383)	—
Proceeds from employee equity exercises	—	1
Net cash (used in) provided by financing activities	(1,597)	910
Net (decrease) increase in cash and cash equivalents	(1,251)	2,342
Cash and cash equivalents at beginning of period	5,972	5,155
Cash and cash equivalents at end of period	$ 4,721	$ 7,497
Supplemental cash flow information:		
Cash paid for interest	$ 639	$ 772
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of common stock to Final Frontier, LLC as partial payment of earnout obligation	$ 1,000	$ —
Issuance of subordinated debt for earnout obligation	$ 1,388	$ —

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — DESCRIPTION OF BUSINESS

Orion includes Orion Energy Systems, Inc., a Wisconsin corporation, and all consolidated subsidiaries. Orion provides light emitting diode lighting systems, wireless Internet of Things enabled control solutions, project engineering, energy project management design, maintenance services and turnkey electric vehicle charging station installation services to commercial and industrial businesses, and federal and local governments, predominantly in North America.

Orion’s corporate offices and leased primary manufacturing operations are located in Manitowoc, Wisconsin. Orion also leases office space in Jacksonville, Florida and Lawrence, Massachusetts.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Orion Energy Systems, Inc. and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of Orion have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement have been included. Interim results are not necessarily indicative of results that may be expected for the fiscal year ending March 31, 2026 or other interim periods.

The Condensed Consolidated Balance Sheet as of March 31, 2025 has been derived from the audited consolidated financial statements at that date but does not include all of the information required by GAAP for complete financial statements.

The accompanying unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited consolidated financial statements and footnotes thereto included in Orion’s Annual Report on Form 10-K for the fiscal year ended March 31, 2025 filed with the SEC on June 26, 2025.

On August 22, 2025, Orion enacted a 1-for-10 reverse stock split in order to remain compliant with the Minimum Bid Price Rule as defined below. The par value was not adjusted for the reverse stock split. All share and per share data have been adjusted for all periods presented to reflect the reverse stock split.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during that reporting period. Areas that require the use of management estimates include revenue recognition, net realizable value of inventory, allowance for credit losses, accruals for warranty, loss contingencies, earnout, income taxes, impairment analyses, and certain equity transactions. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk and Other Risks and Uncertainties

Orion's cash is primarily deposited with one financial institution. At times, deposits in this institution exceeds the amount of insurance provided on such deposits. Orion has not experienced any losses in such accounts and believes that it is not exposed to any significant financial institution viability risk on these balances.

Orion purchases components necessary for its lighting products, including lamps and LED components, from multiple suppliers. For the three and nine months ended December 31, 2025 and 2024, no suppliers accounted for more than 10% of total cost of revenue.

For the three months ended December 31, 2025, two customers accounted for 30.7% and 14.1% of total revenue, respectively. For the nine months ended December 31, 2025, two customers accounted for 31.7% and 10.5% of total revenue, respectively. For the three months ended December 31, 2024, two customers accounted for 26.7% and 10.4% of total revenue, respectively. For the nine months ended December 31, 2024, one customer accounted for 24.2% of total revenue.

As of December 31, 2025, two customers accounted for 17.3% and 15.3% of accounts receivable, respectively. As of March 31, 2025, one customer accounted for 13.0% of accounts receivable.

Compliance with the Continued Listing Standards of the Nasdaq Capital Market ("NASDAQ")

As previously disclosed, on September 20, 2024, Orion received written notice from the Listing Qualifications Department (the "Staff") of NASDAQ notifying Orion that it was not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Rule") for continued listing on NASDAQ, as the closing bid price of the Orion's common stock had been below $1.00 per share for 30 consecutive trading days. Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), Orion was granted 180 calendar days, or until March 19, 2025, to regain compliance with the Minimum Bid Price Rule which was followed by another 180-day extension. On March 19, 2025, Orion submitted a formal request to NASDAQ for an additional 180-calendar day period to regain compliance with the Minimum Bid Price Rule and provided written notice to NASDAQ of its intent to effectuate a reverse stock split during the additional compliance period if necessary to regain compliance with the Minimum Bid Price Rule.

On March 20, 2025, Orion received a letter from NASDAQ granting Orion the additional period, through September 15, 2025, to regain compliance with the Minimum Bid Price Rule.

Ultimately, in order to regain compliance with the Minimum Bid Price Rule, Orion effected a 1-for-10 reverse stock split of its common stock as of the opening of trading on August 22, 2025.

As a result of the effect of Orion's reverse stock split, on September 8, 2025, Orion received a written notification from the Staff indicating that Orion had regained compliance with the Minimum Bid Price Rule. Consequently, Orion is now in compliance with all applicable listing standards of, and remains listed on, the Nasdaq.

Recent Accounting Pronouncements

Issued: Not Yet Adopted

In December 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2025-11, which is intended to improve the navigability of the guidance in Accounting Standards Codification (ASC) 270 and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides "interim financial statements and notes in accordance with GAAP." The ASU also addresses the form and content of such financial statements, adds lists to ASC 270 of the interim disclosures required by all other codification topics, and establishes a principle under which an entity must "disclose events since the end of the last annual reporting period that have a material impact on the entity." As the FASB stated in the proposed guidance and reiterates in the ASU, the amendments are not intended to "change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements." The amendments will be effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Orion is currently evaluating the impact that this guidance will have on the presentation of its consolidated financial statements and accompanying notes.

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments - Credit Losses (Topic 326), which modifies the current credit loss guidance in Topic 326 to expand on how an entity develops and estimate of expected credit losses. The amendments in this update provide (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit loses for current accounts receivable and current contract assets arising from transactions accounted for under "Revenue from Contracts with Customers" Topic 606, ASC 606, as follows: "1. Practical expedient. In developing reasonable and supportable forecasts as part of estimating expected credit losses, all entities may elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. 2. Accounting policy election. An entity other than a public business entity that elects the practical expedient is permitted to make an accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses." The amendments will be effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. Orion is currently evaluating the impact that this guidance will have on the presentation of its consolidated financial statements and accompanying notes.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40), which modifies the disclosure and presentation requirements relating to expenses shown on the statements of operations. The amendments in the update require disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity: "1. Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities. 2. Include certain amounts that are already required to be disclosed under current generally accepted accounting principles in the same disclosure as the other disaggregation requirements. 3. Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. 4. Disclose the total amount of selling expense and, in annual reporting periods, an entity's definition of selling expenses." The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. Orion is currently evaluating the impact that this guidance will have on the presentation of its consolidated financial statements and accompanying notes.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which expands disclosures in an entity's income tax rate reconciliation table and disclosures regarding cash taxes paid both in the U.S. and foreign jurisdictions. The update will be effective for annual periods beginning after December 15, 2025. Orion is currently evaluating the impact that this guidance will have on the presentation of its consolidated financial statements and accompanying notes.

NOTE 3 — REVENUE

Orion generates revenue primarily by selling commercial lighting fixtures and components, installing these fixtures in its customer's facilities, and providing maintenance services including repairs and replacements for the lighting and related electrical components deployed in its customer's facilities. Orion recognizes revenue in accordance with the guidance in "Revenue from Contracts with Customers" (Topic 606) ASC 606 when control of the goods or services being provided (which Orion refers to as a performance obligation) is transferred to a customer at an amount that reflects the consideration management expects to receive in exchange for those goods or services. Prices are generally fixed at the time of order confirmation, either for the contract as a whole or for the hourly rates that will be charged for the type of maintenance services delivered. The amount of expected consideration includes estimated deductions and early payment discounts calculated based on historical experience, customer rebates based on agreed upon terms applied to actual and projected sales levels over the rebate period, and any amounts paid to customers in conjunction with fulfilling a performance obligation.

The sale of charging stations and related software subscriptions, renewals and extended warranty is presented in Product revenue. Orion is the principal in the sales of charging stations as it has control of the physical products prior to transfer to the customer. Accordingly, revenue is recognized on a gross basis. For certain sales, primarily software subscriptions, renewals, and extended warranty, Orion is the sales agent providing access to the content and recognize commission revenue net of amounts due to third parties who fulfill the performance obligation. For these sales, control passes at the point in time upon providing access of the content to the customer.

The sale of installation and services related to the EV charging business is presented in Service revenue. Revenue from the EV segment that includes both the sale of product and service is allocated between the product and service performance obligations based on relative standalone selling prices, and is recorded in Product revenue and Service revenue, respectively, in the Condensed Consolidated Statements of Operations.

Revenue from the lighting maintenance offering that includes both the sale of Orion manufactured or sourced product and service is allocated between the product and service performance obligations based on relative standalone selling prices, and is recorded in Product revenue and Service revenue, respectively, in the Condensed Consolidated Statements of Operations.

The following tables provide detail of Orion's total revenue for the three and nine months ended December 31, 2025 and December 31, 2024 (dollars in thousands):

	Three Months Ended December 31, 2025			Nine Months Ended December 31, 2025		
	Product	Services	Total	Product	Services	Total
Revenue from contracts with customers:						
Lighting product and installation	$ 8,930	$ 2,936	$ 11,866	$ 27,401	$ 7,740	$ 35,141
Maintenance services	2,165	2,191	4,356	5,711	7,133	12,844
Electric vehicle charging	3,336	1,323	4,659	7,373	4,746	12,119
Solar energy related revenues	7	—	7	11	—	11
Total revenues from contracts with customers	14,438	6,450	20,888	40,496	19,619	60,115
Revenue accounted for under other guidance	201	—	201	468	—	468
Total revenue	$ 14,639	$ 6,450	$ 21,089	$ 40,964	$ 19,619	$ 60,583

	Three Months Ended December 31, 2024			Nine Months Ended December 31, 2024		
	Product	Services	Total	Product	Services	Total
Revenue from contracts with customers:						
Lighting product and installation	$ 11,291	$ 1,754	$ 13,045	$ 30,636	$ 5,725	$ 36,361
Maintenance services	1,672	2,253	3,925	3,795	7,250	11,045
Electric vehicle charging	1,176	1,269	2,445	4,567	6,434	11,001
Solar energy related revenues	—	—	—	17	—	17
Total revenues from contracts with customers	14,139	5,276	19,415	39,015	19,409	58,424
Revenue accounted for under other guidance	169	—	169	427	—	427
Total revenue	$ 14,308	$ 5,276	$ 19,584	$ 39,442	$ 19,409	$ 58,851

From time to time, Orion sells the receivables from one customer to a financing institution. The total amount received from the advances of these receivables was $0.9 million and $1.5 million for the three and nine months ended December 31, 2025, respectively. Orion's gains on these sales were $45 thousand and $43 thousand for the three and nine months ended December 31, 2025, respectively, and are included in Interest expense in the Condensed Consolidated Statements of Operations. The total amount received from the advances of these receivables was $0.7 million and $1.3 million for the three and nine months ended December 31, 2024. Orion's losses on these sales were $12 thousand and $30 thousand for the three and nine months ended December 31, 2024.

The following chart shows the balance of Orion’s receivables arising from contracts with customers, contract assets and contract liabilities as of December 31, 2025 and March 31, 2025 (dollars in thousands):

	December 31, 2025	March 31, 2025	March 31, 2024
Accounts receivable, net	$ 13,249	$ 12,845	$ 14,022
Revenue earned but not billed (1)	$ 3,611	$ 2,908	$ 4,539
Deferred revenue (2)	$ 114	$ 367	$ 124

(1) Within the revenue earned but not billed line on the Condensed Consolidated Balance Sheets, $0.0 million and $0.7 million was accounted for as a sales type lease under ASC 842 for December 31, 2025 and March 31, 2025, respectively, and therefore not considered a "contract asset", which is an asset defined by ASC 606.

(2) Includes the unamortized portion of the funds received from the federal government in 2010 and 2011 as reimbursement for the costs to build the two facilities related to the power purchase agreements. As the transaction is not considered a contract with a customer, this value is not a contract liability as defined by ASC 606.

There were no significant changes in the contract assets outside of standard increases due to timing of contract completion, offset by the reclassifications to accounts receivable, net upon billing. Deferred revenue, current as of December 31, 2025, and March 31, 2025, includes $0.1 million and $0.4 million, respectively, of contract liabilities which represent consideration received from a new customer contract on which installation has not yet begun and Orion has not fulfilled the promises included. Of the $0.4 million outstanding as of March 31, 2025, $0.3 million has been recognized as revenue for the nine months ended December 31, 2025.

Orion's performance obligations related to lighting fixtures and EV charging stations typically do not exceed nine months in duration. As a result, Orion has elected the practical expedient that provides an exemption to the disclosure requirements regarding information about value assigned to remaining performance obligations on contracts that have original expected durations of one year or less.

NOTE 4 — ACCOUNTS RECEIVABLE

As of December 31, 2025 and March 31, 2025, Orion's accounts receivable and allowance for credit losses balances were as follows (dollars in thousands):

	December 31, 2025	March 31, 2025
Accounts receivable, gross	$ 13,358	$ 12,909
Allowance for credit losses	(109)	(64)
Accounts receivable, net	$ 13,249	$ 12,845

Changes in Orion’s allowance for credit losses were as follows (dollars in thousands):

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2025	2024	2025	2024
Beginning of period	$ (94)	$ (66)	$ (64)	$ (72)
Credit loss expense	(15)	(75)	(45)	(130)
Write-off	—	11	—	72
End of period	$ (109)	$ (130)	$ (109)	$ (130)

NOTE 5 — INVENTORIES

As of December 31, 2025 and March 31, 2025, Orion's inventory balances, net of excess and obsolete reserves of $2.1 million and $1.8 million, respectively, were as follows (dollars in thousands):

	Inventories
As of December 31, 2025	
Raw materials and components	$ 3,276
Work in process	121
Finished goods	6,469
Total	$ 9,866
As of March 31, 2025	
Raw materials and components	$ 4,691
Work in process	286
Finished goods	6,415
Total	$ 11,392

NOTE 6 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist primarily of prepaid insurance premiums, prepaid subscription fees, prepaid networking services for EV products, ERP system implementation fees, and value added tax receivable. Prepaid expenses totaled $1.4 million and $1.9 million as of December 31, 2025 and March 31, 2025, respectively.

NOTE 7 — PROPERTY AND EQUIPMENT

As of December 31, 2025 and March 31, 2025, property and equipment, net, included the following (dollars in thousands):

	December 31, 2025	March 31, 2025
Land and land improvements	$ 433	$ 433
Buildings and building improvements	9,552	9,552
Furniture, fixtures and office equipment	7,719	7,886
Leasehold improvements	496	493
Equipment leased to customers	4,997	4,997
Plant equipment	10,995	11,011
Vehicles	464	464
Construction in progress	47	—
Gross property and equipment	34,703	34,836
Less: accumulated depreciation	(27,336)	(26,810)
Total property and equipment, net	$ 7,367	$ 8,026

NOTE 8 — LEASES

From time to time, Orion leases assets from third parties. Orion also leases certain assets to third parties.

Under ASC 842, both finance and operating lease Right-Of-Use ("ROU") assets and lease liabilities for leases with initial terms in excess of 12 months are recognized at the commencement date based on the present value of lease payments over the lease term. Orion recognizes lease expense for leases with an initial term of 12 months or less, referred to as short term leases, on a straight-line basis over the lease term.

A summary of Orion's assets leased from third parties follows (dollars in thousands):

	Balance sheet classification	December 31, 2025	March 31, 2025
Assets			
Operating lease assets	Other long-term assets	$ 2,878	$ 3,456
Liabilities			
Current liabilities			
Operating lease liabilities	Accrued expenses and other	$ 762	$ 794
Non-current liabilities			
Operating lease liabilities	Other long-term liabilities	2,274	2,829
Total lease liabilities		$ 3,036	$ 3,623

Orion had operating lease costs of $0.3 million and $0.9 million for the three and nine months ended December 31, 2025, respectively. Orion had operating lease costs of $0.3 million and $0.9 million for the three and nine months ended December 31, 2024, respectively.

The estimated maturity of lease liabilities for each of the remaining years is shown below (dollars in thousands):

Maturity of Lease Liabilities	Operating Leases
Fiscal 2026 (period remaining)	$ 258
Fiscal 2027	886
Fiscal 2028	803
Fiscal 2029	828
Fiscal 2030	707
Total lease payments	$ 3,482
Less: Interest	(446)
Present value of lease liabilities	$ 3,036

Assets Orion Leases to Other Parties

Orion provides long-term financing to one customer who engages Orion in large turnkey projects that span between three and nine months. The customer executes an agreement providing for monthly payments, at a fixed monthly amount, of the contract price, plus interest, over typically a five-year period. The total transaction price in these contracts is allocated between product and services in the same manner as all other turnkey projects. The portion of the transaction associated with the installation is accounted for consistently with all other installation related performance obligations under ASC 606.

While Orion retains ownership of the light fixtures during the financing period, the transaction terms and the underlying economics associated with used lighting fixtures results in Orion essentially ceding ownership of the lighting fixtures to the customer after completion of the agreement. Therefore, the portions of the transaction associated with the sale of the multiple individual light fixtures is accounted for as a sales-type lease under ASC 842.

Revenues, and production and acquisition costs, associated with sales-type leases are included in Product revenue and Cost of product revenue in the Condensed Consolidated Statements of Operations. These amounts are recorded for each fixture separately based on the customer's monthly acknowledgment that specified fixtures have been installed and are operating as specified. The execution of the acknowledgment is considered the commencement date as defined in ASC 842.

The following chart shows the amount of revenue and cost of sales arising from sales-type leases during the quarter ended December 31, 2025 and 2024 (dollars in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Product revenue	$ 182	$ 147	$ 393	$ 356
Cost of product revenue	$ 167	$ 123	$ 316	$ 319

NOTE 9 — GOODWILL AND OTHER INTANGIBLE ASSETS

Orion recorded $0.9 million of goodwill related to its purchase of Voltrek LLC ("Voltrek") in the third quarter of fiscal 2023, ("Voltrek Acquisition"), which has an indefinite life, and is assigned to the EV operating segment.

Orion recorded $0.6 million of goodwill related to its purchase of Stay-Lite Lighting, Inc. ("Stay-Lite") during fiscal year 2022, which has an indefinite life, and is assigned to the Maintenance operating segment.

As of December 31, 2025, and March 31, 2025, the components of, and changes in, the carrying amount of other intangible assets, net, were as follows (dollars in thousands):

	December 31, 2025				March 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Useful Life	Gross Carrying Amount	Accumulated Amortization	Net
Amortized Intangible Assets							
Patents	$ 1,877	$ (1,598)	$ 279	8.5	$ 1,895	$ (1,568)	$ 327
Licenses	58	(58)	—	—	58	(58)	—
Trade name and trademarks	300	(195)	105	1.8	300	(150)	150
Customer relationships	5,000	(5,000)	—	—	5,000	(4,763)	237
Vendor relationships	2,600	(1,204)	1,396	3.8	2,600	(925)	1,675
Developed technology	900	(900)	—	—	900	(900)	—
Total Amortized Intangible Assets	$ 10,735	$ (8,955)	$ 1,780	3.5	$ 10,753	$ (8,364)	$ 2,389
Indefinite-lived Intangible Assets							
Trade name and trademarks	$ 990	$ —	$ 990		$ 990	$ —	$ 990
Total Non-Amortized Intangible Assets	$ 990	$ —	$ 990		$ 990	$ —	$ 990

Amortization expense on intangible assets was $0.1 million and $0.6 million for the three and nine months ended December 31, 2025, respectively. Amortization expense on intangible assets was $0.3 million and $0.8 million for the three and nine months ended December 31, 2024, respectively.

The estimated amortization expense for the remainder of fiscal 2026, the next five fiscal years and beyond is shown below (dollars in thousands):

Fiscal 2026 (period remaining)	$ 120
Fiscal 2027	476
Fiscal 2028	440
Fiscal 2029	404
Fiscal 2030	219
Thereafter	121
Total	$ 1,780

NOTE 10 — ACCRUED EXPENSES AND OTHER

As of December 31, 2025, and March 31, 2025, accrued expenses and other included the following (dollars in thousands):

	December 31, 2025	March 31, 2025
Accrued acquisition earnout	$ —	$ 3,263
Other accruals	2,454	2,180
Compensation and benefits	2,517	2,424
Credits due to customers	1,104	1,581
Accrued project costs	1,777	2,283
Warranty	388	449
Sales returns reserve	55	273
Sales tax	207	177
Legal and professional fees	215	98
Total	$ 8,717	$ 12,728

Orion generally offers a limited warranty of one to ten years on its lighting products, including the pass-through of standard warranties offered by major original equipment component manufacturers. The manufacturers' warranties cover lamps, power supplies, LED modules, chips and drivers, control devices, and other fixture related items, which are significant components in Orion's lighting products.

Changes in Orion's warranty accrual (both current and long-term) were as follows (dollars in thousands):

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2025	2024	2025	2024
Beginning of period	$ 621	$ 692	$ 640	$ 725
Accruals	107	88	251	259
Warranty claims (net of vendor reimbursements)	(144)	(122)	(307)	(326)
End of period	$ 584	$ 658	$ 584	$ 658

As of March 31, 2025, the balance of the accrued Voltrek Acquisition earnout was $3.3 million. During the second quarter, Orion issued common stock to the prior owner of Voltrek with a value of $1 million and paid $875 thousand in cash as partial payment of the accrued acquisition earnout. See Note 12 below for additional details around the remaining accrued earnout liability. These compensatory payments have been expensed over the course of the earnout periods to the extent they were or are earned. On June 23, 2025, Orion entered into a binding term sheet (the "Initial Term Sheet") with respect to its remaining earnout obligations owed to the prior owner of Voltrek pursuant to the Voltrek Acquisition, and on July 31, 2025, Orion entered into an amendment to the Initial Term Sheet (the "Term Sheet Amendment"), each as further described in Note 12 below. Pursuant to the Initial Term Sheet, as amended by the Term Sheet Amendment (the "Term Sheet"), on September 30, 2025, Orion, as borrower, Great Lakes Energy Technologies, LLC ("Great Lakes"), Clean Energy Solutions, LLC ("Clean Energy"), Orion Asset Management, LLC ("Asset Management"), Orion Technologies Ventures, LLC ("Orion Technology", and together with Voltrek, Clean Energy, Asset Management and Orion Technology, the "Company Subsidiaries") and Voltrek, as guarantors, and Final Frontier, as lender, entered into a senior subordinated loan agreement (the "Subordinated Loan Agreement"), pursuant to which Final Frontier agreed to defer payment of the Remaining Earnout Amount (as defined below) by Orion pursuant to the terms of the Subordinated Loan Agreement. Orion's obligation to pay the Remaining Earnout Amount is further evidenced by a senior subordinated note issued by Orion under the Subordinated Loan Agreement (the "Senior Subordinated Note").

NOTE 11 — NET INCOME (LOSS PER) COMMON SHARE

Basic net income (loss) per common share is computed by dividing net income (loss) attributable to common shareholders by the weighted-average number of common shares outstanding for the period and does not consider common stock equivalents.

Diluted net income (loss) per common share reflects the dilution that would occur if restricted shares were vested. In the computation of diluted net income (loss) per common share, Orion uses the treasury stock method for outstanding options and restricted shares. Net income (loss) per common share is calculated based upon the following shares:

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2025	2024	2025	2024
Numerator:				
Net income (loss) (in thousands)	$ 160	$ (1,508)	$ (1,665)	$ (8,890)
Denominator:				
Weighted-average common shares outstanding	3,540,765	3,292,332	3,457,481	3,278,711
Weighted-average common shares and common share equivalents outstanding	3,637,008	3,292,332	3,457,481	3,278,711
Net income (loss) per common share:				
Basic	$ 0.05	$ (0.46)	$ (0.48)	$ (2.71)
Diluted	$ 0.04	$ (0.46)	$ (0.48)	$ (2.71)

The following table indicates the number of potentially dilutive securities included in the calculation of Diluted net income (loss) per common share. The number of shares is as of the end of each period:

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2025	2024	2025	2024
Time-Based Restricted shares	101,813	132,956	101,813	132,956
Performance-Based Restricted shares	80,161	152,994	80,161	152,994
Time-Based Non-Qualified Stock Option	26,555	—	26,555	—
Performance-Based Non-Qualified Stock Option	50,000	—	50,000	—
Total	258,529	285,949	258,529	285,949

NOTE 12 — DEBT

Debt, including the revolving credit facility, consisted of the following (dollars in thousands):

	December 31, 2025	March 31, 2025
Revolving credit facility	$ 5,750	$ 7,000
Term loan	3,060	3,324
Subordinated debt, net	1,034	—
Total long-term debt	9,844	10,324
Less current maturities	(803)	(353)
Long-term debt, less current maturities	$ 9,041	$ 9,971

The carrying value of the Company's debt approximates fair value. The estimated fair value of the Company's debt is categorized within Level 2 of the fair value hierarchy because the valuation is based on observable market inputs.

Revolving Credit Facility

On December 29, 2020, Orion entered into a $25 million Loan and Security Agreement with Bank of America, N.A. (“Bank of America”), as lender (as amended, the “Credit Agreement”). The Credit Agreement provides for a $25.0 million revolving credit facility (the “Credit Facility”) that matures on June 30, 2027. Borrowings under the Credit Facility are subject to a borrowing base requirement based on eligible receivables, inventory and cash. As of December 31, 2025, the borrowing base of the Credit Facility supported approximately $12.9 million of availability, with $7.1 million of remaining availability net of $5.8 million borrowed.

Borrowings under the Credit Agreement are permitted in the form of Secured Overnight Financing Rate ("SOFR"), or prime rate-based, loans and generally bear interest at floating rates plus an applicable margin determined by reference to Orion's availability under the Credit Agreement. Among other fees, Orion is required to pay an annual facility fee and a fee on the unused portion of the Credit Facility.

The Credit Agreement includes a springing minimum fixed cost coverage ratio of 1.0 to 1.0 when excess availability under the Credit Facility falls below $4.0 million of the committed facility. Currently, the required springing minimum fixed cost coverage ratio is not required.

The Credit Agreement also contains customary events of default and other covenants, including certain restrictions on Orion's ability to incur additional indebtedness, consolidate or merge, enter into acquisitions, pay any dividend or distribution on Orion's stock, redeem, retire, or purchase shares of Orion's stock, make investments or pledge or transfer assets. If an event of default under the Credit Agreement occurs and is continuing, then the lender may cease making advances under the Credit Agreement and declare any outstanding obligations under the Credit Agreement to be immediately due and payable. In addition, if Orion becomes the subject of voluntary or involuntary proceedings under any bankruptcy or similar law, then any outstanding obligations under the Credit Agreement will automatically become immediately due and payable.

Effective November 4, 2022, Orion, with Bank of America as lender, executed Amendment No. 1 to its Credit Agreement ("Amendment No. 1"). The primary purpose of Amendment No. 1 was to include the assets of the acquired subsidiaries, Stay-Lite and Voltrek, as secured collateral under the Credit Agreement. Accordingly, eligible assets of Stay-Lite and Voltrek are be included in the borrowing base calculation for the purpose of establishing the monthly borrowing availability under the Credit Agreement. Amendment No. 1 also clarified that the earnout liabilities associated with the Stay-Lite and Voltrek transactions are permitted under the Credit Agreement and that the expenses recognized in connection with those earnouts should be added back in the computation of EBITDA, as defined, under the Credit Agreement.

Effective April 22, 2024, Orion, with Bank of America as lender, executed Amendment No. 2 to its Credit Agreement ("Amendment No. 2"). The primary purpose of Amendment No. 2 was to add a $3.525 million mortgage term loan facility to the Credit Agreement secured by Orion's office headquarters property in Manitowoc, Wisconsin. Amendment No. 2 also broadened the definition of receivables to encompass government receivables as being eligible to be included in Orion's borrowing base calculation for the purpose of establishing Orion monthly borrowing availability under the Credit Agreement. Quarterly mortgage term loan installments of $88,125 are due on the first day of each fiscal quarter.

Effective October 30, 2024, Orion, with Bank of America as lender, executed Amendment No. 3 ("Amendment No. 3") to its Credit Agreement. The primary purpose of Amendment No. 3 was to extend the maturity date of the Credit Facility from December 29, 2025 to June 30, 2027.

As of December 31, 2025, Orion was in compliance with all debt covenants under the Credit Agreement.

Subordinated Debt

The below table outlines the total subordinated debt, net of the costs incurred to issue the debt (dollars in thousands):

	December 31, 2025	March 31, 2025
Subordinated debt	$ 1,388	$ —
Issuance costs	(354)	—
Subordinated debt, net	$ 1,034	$ —

Effective on June 23, 2025, Orion entered into the Term Sheet with Final Frontier, LLC ("Final Frontier") and its owner Kathleen Connors, the prior owner of Voltrek, with respect to Orion's remaining earnout obligations owed to Final Frontier pursuant to Orion's October 5, 2022 Voltrek Acquisition. Pursuant to the Term Sheet, on August 1, 2025, Orion paid Final

Frontier $500,000, and on September 2, 2025 Orion paid an additional $375,000, in full and final payment of its fiscal 2024 Voltrek Acquisition earnout obligations. Additionally, pursuant to the Term Sheet, on July 16, 2025, Orion issued $1.0 million in common stock of Orion, constituting 164,908 shares, to Kathleen Connors in partial payment of Orion's fiscal 2025 and aggregate fiscal 2023 through fiscal 2025 Voltrek Acquisition earnout obligations. Orion agreed with Final Frontier to pay the remainder of the finally determined remaining amount of Orion's fiscal 2025 Voltrek Acquisition earnout obligations (the "Remaining Earnout Amount") pursuant to the Subordinated Loan Agreement. In addition, Orion and Final Frontier agreed to submit the final determination of its Remaining Earnout Amount to binding arbitration.

Pursuant to the Term Sheet, on September 30, 2025, Orion, as borrower, the Company Subsidiaries and Voltrek, as guarantors, and Final Frontier, as lender, entered into the Subordinated Loan Agreement, pursuant to which Final Frontier agreed to defer payment of the Remaining Earnout Amount by Orion pursuant to the terms of the Subordinated Loan Agreement. Orion's obligation to pay the Remaining Earnout Amount is further evidenced by the Senior Subordinated Note. Orion agreed to pay monthly principal payments to Final Frontier on the Senior Subordinated Note of $25,000 beginning on January 15, 2026, which will increase to $50,000 on July 15, 2026 through the maturity date of July 15, 2027. Orion also agreed to pay interest monthly to Final Frontier at the annual rate of 7% beginning on July 15, 2025, subject to adjustment following the final determination in binding arbitration of the Remaining Earnout Amount, as set forth in more detail in the Subordinated Loan Agreement. Orion has the right to pay up to 20% of the remaining principal on the Senior Subordinated Note on the maturity date in shares of its common stock.

On September 30, 2025, in order to secure Orion's obligations to Final Frontier under the Subordinated Loan Agreement and Senior Subordinated Note, Orion, the Company Subsidiaries and Final Frontier entered into a security agreement (the "Security Agreement"), pursuant to which Orion and each Company Subsidiary granted Final Frontier a security interest in, and lien upon, substantially all of Orion's and each Company Subsidiary's assets, which security interest and lien are subordinated pursuant to the Subordination Agreement (as defined below) to the first priority security interest and lien of Bank of America.

Additionally, on September 30, 2025, Orion, the Company Subsidiaries, Final Frontier and Bank of America, entered into a subordination and intercreditor agreement (the "Subordination Agreement"), pursuant to which Orion and the Company Subsidiaries' obligations under the Subordinated Loan Agreement and Senior Subordinated Note and liens granted under the Security Agreement are subordinated to Orion's senior credit facilities with Bank of America, as set forth in more detail in the Subordination Agreement.

In connection with Orion's entry into the Subordinated Loan Agreement, Senior Subordinated Note, Security Agreement and Subordination Agreement, on September 30, 2025, Orion, the Company Subsidiaries and Bank of America entered into an Amendment No. 4 to its Credit Agreement ("Amendment No. 4"), pursuant to which Bank of America consented to the subordinated liens granted by Orion and the Company Subsidiaries in favor of Final Frontier and consented to the Remaining Earnout Amount evidenced by the Subordinated Loan Agreement, subject to: (a) a maximum amount of up $3.0 million following the final determination in binding arbitration of the Remaining Earnout Amount or (b) such higher amount as consented to in writing by Bank of America promptly following its receipt of notice of the binding arbitration decision. In addition, Amendment No. 4 permits Orion to make the cash interest and principal payments to Final Frontier as set forth in the Subordinated Loan Agreement, subject to the terms set forth in Amendment No. 4 and the Subordination Agreement.

Voltrek Earnout

The initial purchase price in the Voltrek Acquisition consisted of $5.0 million cash and $1.0 million of Orion's common stock. Orion also paid $3.0 million in initial earnout payments based on Voltrek's financial performance in fiscal 2023. Orion may owe additional material earnout payments based on Voltrek's financial performance in fiscal 2025.

The final Voltrek Acquisition Remaining Earnout Amount determined to be owed by us could be in excess of our current accrued liability for such Remaining Earnout Amount and could materially adversely affect our future liquidity.

NOTE 13 — INCOME TAXES

Orion's income tax provision was determined by applying an estimated annual effective tax rate, based upon the facts and circumstances known, to book loss before income tax, adjusting for discrete items. Orion's actual effective tax rate is adjusted each interim period, as appropriate, for changes in facts and circumstances. For the three months ended December 31, 2025 and 2024, Orion recorded income tax expense of $18 thousand and $1 thousand, respectively. For the nine months ended December 31, 2025 and 2024, Orion recorded income tax expense of $41 thousand and $44 thousand, respectively.

As of December 31, 2025 and March 31, 2025, Orion had a full valuation allowance against its net deferred tax asset balance. Orion considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance. In the event that Orion determines that the deferred tax assets are able to be realized, an adjustment to the deferred tax asset would increase income in the period such determination is made.

Uncertain Tax Positions

As of December 31, 2025, Orion's balance of gross unrecognized tax benefits was approximately $0.3 million, all of which would reduce Orion's effective tax rate if recognized.

Orion has classified the amounts recorded for uncertain tax benefits in the Condensed Consolidated Balance Sheets as Other long-term liabilities to the extent that payment is not anticipated within one year. Orion recognizes penalties and interest related to uncertain tax liabilities in income tax (benefit) expense. Penalties and interest are included in the unrecognized tax benefits.

NOTE 14 — COMMITMENTS AND CONTINGENCIES

Litigation

Orion is subject to various claims and legal proceedings arising in the ordinary course of business. Orion does not believe the final resolution of any of such claims or legal proceedings will have a material adverse effect on Orion's future results of operations or financial condition.

NOTE 15 — SHAREHOLDERS' EQUITY

Reverse Stock Split

On August 22, 2025, Orion enacted a 1-for-10 reverse stock split in order to remain compliant with the Minimum Bid Price Rule. The par value was not adjusted for the reverse stock split. All share and per share data have been adjusted for all periods presented to reflect the reverse stock split.

Employee Stock Purchase Plan

In August 2010, Orion's board of directors approved a non-compensatory employee stock purchase plan, or "ESPP". In the three months ended December 31, 2025, Orion issued 10 shares under the ESPP plan at a closing market price of $15.38. In the three months ended December 31, 2024, Orion issued 54 shares under the ESPP plan at a closing market price of $8.00.

Sale of Shares

In March 2023, Orion filed a shelf registration statement with the Securities and Exchange Commission. Under the shelf registration statement, Orion currently has the flexibility to publicly offer and sell from time to time up to $100 million of debt and/or equity securities, subject to regulatory limitations. The filing of the shelf registration statement may help facilitate Orion's ability to raise public equity or debt capital to expand existing businesses, fund potential acquisitions, invest in other growth opportunities, repay existing debt, or for other general corporate purposes. See Note 19 - Subsequent Events.

NOTE 16 — STOCK OPTIONS AND RESTRICTED SHARES

At Orion's 2023 annual meeting of shareholders, Orion's shareholders approved the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, as amended and restated (the "Amended 2016 Plan"). The Amended 2016 Plan increased the number of shares of Orion's common stock available for issuance under the Amended 2016 Plan from 350,000 shares to 600,000 shares (an increase of 250,000 shares); added a minimum vesting period for all awards granted under the Amended 2016 Plan (with limited exceptions); and added a specific prohibition on the payment of dividends and dividend equivalents on unvested awards.

The Amended 2016 Plan authorizes grants of equity-based and incentive cash awards to eligible participants designated by the Plan's administrator. Awards under the Amended 2016 Plan may consist of stock options, stock appreciation rights, performance shares, performance units, common stock, restricted stock, restricted stock units, incentive awards or dividend equivalent units.

The Amended 2016 Plan also permits accelerated vesting in the event of certain changes of control of Orion as well as under other special circumstances. Certain non-employee directors have from time to time elected to receive stock awards in lieu of cash compensation pursuant to elections made under Orion's non-employee director compensation program.

During the third quarter of fiscal 2026, it was determined that the performance obligations required for the performance-based shares granted in August 2023 were not likely to be achieved. As such, the approximately $244 thousand expense related to the 33,096 shares was reversed.

The following amounts of Orion's consolidated stock-based compensation were recorded (dollars in thousands):

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2025	2024	2025	2024
Cost of product revenue	$ (4)	$ 1	$ —	$ 5
General and administrative	(14)	175	282	793
Sales and marketing	14	2	35	17
Research and development	1	2	3	7
Total	$ (3)	$ 180	$ 320	$ 822

The following table summarizes information with respect to performance-vesting restricted stock and time vesting-restricted stock activity:

	Time-Based Restricted Shares		Performance-Based Restricted Shares	
	Shares	Weighted Average Fair Value Price	Shares	Weighted Average Fair Value Price
Balance at March 31, 2025	133,159	$ 13.00	152,994	$ 14.30
Shares issued	48,000	$ 5.93	—	$ —
Shares vested	(67,559)	$ 14.81	—	$ —
Shares forfeited	(11,787)	$ 10.19	(72,833)	$ 14.37
Shares outstanding at December 31, 2025	101,813	$ 8.80	80,161	$ 12.80

The following table summarized information with respect to performance-based option and time-based option activity:

	Time-Based Options		Performance-Based Options	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Balance at March 31, 2025	—	$ —	—	$ —
Options granted	26,555	$ 6.21	50,000	$ 6.00
Options outstanding at December 31, 2025	26,555	$ 6.21	50,000	$ 6.00

As of December 31, 2025, the amount of deferred stock-based compensation expense to be recognized, over a remaining period of 1.8 years, was approximately $1.0 million.

NOTE 17 — SEGMENT DATA

Reportable segments are components of an entity that have separate financial data that the entity's chief operating decision maker ("CODM") regularly reviews when allocating resources and assessing performance. Orion's CODM is the chief executive officer. Orion's CODM focuses primarily on each segment's ability to generate sufficient revenues and manage cost of services along with operating expenses. As such, the CODM measures operating performance at the segment level based on operating income or loss, including evaluation of budget to actual variances. Orion evaluates and reports on the business using three segments: lighting segment, maintenance segment and electric vehicle charging segment (“EV segment”).

Lighting Segment

The lighting segment develops and sells lighting products and provides construction and engineering services for Orion's commercial lighting and energy management systems. The lighting segment provides engineering, design, lighting products and in many cases turnkey solutions for large national accounts, governments, municipalities, schools and other customers mostly through direct sales and also sells lighting products though manufacturer representative agencies and to the wholesale contractor markets through energy service companies and contractors.

Maintenance Segment

The maintenance segment provides retailers, distributors and other businesses with maintenance, repair and replacement services for the lighting and related electrical components deployed in their facilities.

EV Segment

The EV segment offers leading electric vehicle charging expertise, sells and installs sourced electric vehicle charging stations with related software subscriptions and renewals and provides EV turnkey installation solutions with ongoing support to all commercial verticals.

Corporate and Other

Corporate and other is comprised of operating expenses not allocated to Orion’s segments and adjustments to reconcile to consolidated results.

Three Months Ended December 31, 2025
(dollars in thousands)

	Lighting	Maintenance	EV	Corporate and Other	Total
Product revenue	$ 9,138	$ 2,165	$ 3,336	$ —	$ 14,639
Service revenue	2,936	2,191	1,323	—	6,450
Total revenue	12,074	4,356	4,659	—	21,089
Cost of product revenue	6,679	1,151	1,950	—	9,780
Cost of service revenue	1,843	1,957	1,002	—	4,802
Total cost of revenue	8,522	3,108	2,952	—	14,582
Gross profit	3,552	1,248	1,707	—	6,507
Operating expenses:					
General and administrative	1,424	532	713	716	3,385
Sales and marketing	2,014	112	267	106	2,499
Research and development	116	36	21	64	237
Total operating expenses	3,554	680	1,001	886	6,121
Income (loss) from operations	(2)	568	706	(886)	386
Other income (expense):					
Royalty income					46
Interest expense					(203)
Amortization of debt issue cost					(51)
Total other expense					(208)
Income before income tax					$ 178

Three Months Ended December 31, 2024
(dollars in thousands)

	Lighting	Maintenance	EV	Corporate and Other	Total
Product revenue	$ 11,460	$ 1,672	$ 1,176	$ —	$ 14,308
Service revenue	1,754	2,253	1,269	—	5,276
Total revenue	13,214	3,925	2,445	—	19,584
Cost of product revenue	7,878	784	685	—	9,347
Cost of service revenue	1,352	2,103	1,028	—	4,483
Total cost of revenue	9,230	2,887	1,713	—	13,830
Gross profit	3,984	1,038	732	—	5,754
Operating expenses:					
General and administrative	1,330	523	1,370	634	3,857
Sales and marketing	2,079	166	501	113	2,859
Research and development	146	40	27	74	287
Total operating expenses	3,555	729	1,898	821	7,003
Income (loss) from operations	429	309	(1,166)	(821)	(1,249)
Other income (expense):					
Royalty income					45
Interest expense					(255)
Interest income					1
Amortization of debt issue cost					(49)
Total other expense					(258)
Loss before income tax					$ (1,507)

Nine Months Ended December 31, 2025
(dollars in thousands)

	Lighting	Maintenance	EV	Corporate and Other	Total
Product revenue	$ 27,880	$ 5,711	$ 7,373	$ —	$ 40,964
Service revenue	7,740	7,133	4,746	—	19,619
Total revenue	35,620	12,844	12,119	—	60,583
Cost of product revenue	19,881	3,128	4,370	—	27,379
Cost of service revenue	5,374	6,296	2,949	—	14,619
Total cost of revenue	25,255	9,424	7,319	—	41,998
Gross profit	10,365	3,420	4,800		18,585
Operating expenses:					
General and administrative	4,813	1,731	2,482	2,461	11,487
Sales and marketing	5,882	332	753	326	7,293
Research and development	330	103	59	182	674
Total operating expenses	11,025	2,166	3,294	2,969	19,454
Income (loss) from operations	(660)	1,254	1,506	(2,969)	(869)
Other income (expense):					
Royalty income					49
Interest expense					(652)
Amortization of debt issue cost					(152)
Total other expense					(755)
Loss before income tax					$ (1,624)

Nine Months Ended December 31, 2024
(dollars in thousands)

	Lighting	Maintenance	EV	Corporate and Other	Total
Product revenue	$ 31,080	$ 3,795	$ 4,567	$ —	$ 39,442
Service revenue	5,725	7,250	6,434	—	19,409
Total revenue	36,805	11,045	11,001	—	58,851
Cost of product revenue	21,958	2,007	2,844	—	26,809
Cost of service revenue	5,227	7,292	5,022	—	17,541
Total cost of revenue	27,185	9,299	7,866	—	44,350
Gross profit	9,620	1,746	3,135		14,501
Operating expenses:					
General and administrative	4,516	2,169	4,007	2,278	12,970
Sales and marketing	6,731	478	1,051	384	8,644
Research and development	428	118	78	216	840
Total operating expenses	11,675	2,765	5,136	2,878	22,454
Loss from operations	(2,055)	(1,019)	(2,001)	(2,878)	(7,953)
Other income (expense):					
Royalty income					61
Interest expense					(800)
Interest income					1
Amortization of debt issue cost					(155)
Total other expense					(893)
Loss before income tax					$ (8,846)

(dollars in thousands)	Depreciation and Amortization Nine Months Ended December 31, 2025	2024	Capital Expenditures Nine Months Ended December 31, 2025	2024
Segments:				
Lighting Segment	$ 487	$ 596	$ 55	$ 12
Maintenance Segment	146	289	4	1
EV Segment	632	777	—	-
Corporate and Other	212	206	(1)	35
	$ 1,477	$ 1,868	$ 58	$ 48

(dollars in thousands)	Total Assets December 31, 2025	March 31, 2025
Segments:		
Lighting Segment	$ 18,074	$ 20,646
Maintenance Segment	5,833	4,384
EV Segment	10,043	11,963
Corporate and Other	14,301	15,470
	$ 48,251	$ 52,463

NOTE 18 — RESTRUCTURING

As part of Orion's restructuring effort in fiscal 2025, Orion entered into certain retention bonus agreements with certain key employees. The remainder of those retention bonuses were paid in the third quarter of fiscal 2025 and are not anticipated to recur. In addition, an inventory write-off was recognized in the first quarter of fiscal 2025 for inventory related to a customer Orion no longer does business with due to the restructuring, along with a lease breakage fee that occurred in the second quarter of fiscal 2025 due to the closing of the Pewaukee office. Orion's restructuring expense for the three and nine months ended December 31, 2025 and 2024 is reflected within its Condensed Consolidated Statement of Operations as follows (dollars in thousands):

	For the Three Months Ended December 31, 2025	2024	For the Nine Months Ended December 31, 2025	2024
Cost of product revenue	$ —	$ —	$ —	$ 197
Cost of service revenue	—	—	—	149
General and administrative	—	20	—	388
Total Restructuring	$ —	$ 20	$ —	$ 734

Total restructuring expense by segment was recorded as follows (dollars in thousands):

	For the Three Months Ended December 31, 2025	2024	For the Nine Months Ended December 31, 2025	2024
Segments:				
Maintenance	$ —	20	—	719
Corporate and Other	—	—	—	15
Total Restructuring	$ —	$ 20	$ —	$ 734

NOTE 19 — SUBSEQUENT EVENTS

On February 2, 2026, Orion issued 500,000 shares of its common stock at a price to the public of $14.00 per share pursuant to a firmly underwritten public offering. Net proceeds from the offering of approximately $6.4 million will be used to reduce amounts outstanding under Orion's Credit Agreement, with the remainder to be used for working capital and general corporate purposes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited Condensed Consolidated Financial Statements and related notes included in this Form 10-Q, as well as our audited Consolidated Financial Statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

Cautionary Note Regarding Forward-Looking Statements

Any statements in this Quarterly Report on Form 10-Q about our expectations, beliefs, plans, objectives, prospects, financial condition, assumptions or future events or performance are not historical facts and are "forward-looking statements" as that term is defined under the federal securities laws. These statements are often, but not always, made through the use of words or phrases such as "believe", "anticipate", "should", "intend", "plan", "will", "expects", "estimates", "projects", "positioned", "strategy", "outlook" and similar words. You should read the statements that contain these types of words carefully. Such forward-looking statements are subject to several risks, uncertainties and other factors that could cause actual results to differ materially from what is expressed or implied in such forward-looking statements. There may be events in the future that we are not able to predict accurately or over which we have no control. Potential risks and uncertainties include, but are not limited to, those discussed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025. We urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or uncertainties after the date hereof or to reflect the occurrence of unanticipated events.

Overview

We provide state-of-the-art light emitting diode ("LED") lighting systems, wireless Internet of Things ("IoT") enabled control solutions, project engineering, energy project management design and maintenance services and electric vehicle ("EV") charging infrastructure solutions. We help our customers achieve their sustainability, energy savings and carbon footprint reduction goals through innovative technology and exceptional service. We research, design, develop, manufacture, market, sell, install, and implement energy management systems consisting primarily of high-performance, energy-efficient commercial and industrial interior and exterior LED lighting systems and related services. Our products are targeted for applications in the following segments: commercial office and retail, area lighting, industrial applications and government, although we do sell and install products into other markets. Our services consist of turnkey installation and system maintenance. Virtually all of our sales occur within North America.

Our principal lighting customers include large national account end-users, electrical distributors, electrical contractors and energy service companies ("ESCOs"). Currently, a significant amount of our interior lighting products are manufactured at our leased production facility located in Manitowoc, Wisconsin, although as the LED and related IoT market continues to evolve, we are increasingly sourcing products and components from third parties in order to provide versatility in our product development and offerings.

We differentiate ourselves from our competitors by offering very efficient light fixtures (measured in lumens per watt) coupled with our project management services to national account customers to retrofit their multiple locations. Our comprehensive services include initial site surveys and audits, utility incentive and government subsidy management, engineering design, and project management from delivery through to installation and controls integration. In addition, we began to offer lighting and electrical maintenance services in fiscal 2021. We believe that providing these services enables us to support a long-term business relationship with our customers and results in an increase in our recurring revenue. We completed the acquisition of Stay-Lite on January 1, 2022, which further expanded our maintenance services capabilities. On October 5, 2022, we acquired Voltrek, LLC ("Voltrek"), which leveraged our project management and maintenance expertise in the EV sector.

We believe the market for LED lighting products and related controls continues to grow. Due to their size and flexibility in application, we also believe that LED lighting systems can address opportunities for retrofit applications that cannot be satisfied by other lighting technologies. Our LED technologies have become the primary component of our revenue as we continue to strive to be a leader in the LED market.

We see opportunity to cross-sell our three platforms of lighting, maintenance services and EV charging installation systems to our commercial and industrial customer base. We are pursuing opportunities to cross-sell to direct customers, as well as through select partners. We also see opportunity for further integration of our service capabilities to expand our geographic reach and we intend to pursue growth organically.

Other than our multi-year maintenance service contracts, we generally do not have long-term contracts with our customers for product or turnkey services that provide us with recurring annual revenue. We typically generate substantially all of our revenue from sales of lighting and control systems and related services to governmental, commercial and industrial customers on a project-by-project basis. We also perform work under global services or product purchasing agreements with major customers with sales completed on a purchase order basis. The loss of, or substantial reduction in sales to, any of our significant customers, or our current single largest customer, or the termination or delay of a significant volume of purchase orders by one or more key customers, could have a material adverse effect on our results of operations in any given future period.

We typically sell our lighting systems in replacement of our customers' lighting fixtures. We call this replacement process a "retrofit". We frequently engage our customer's existing electrical contractor to provide installation and project management services. We also sell our lighting systems on a wholesale basis, principally to electrical distributors and ESCOs to sell to their own customer bases.

The gross margins of our products can vary significantly depending upon the types of products we sell, with margins typically ranging from 10% to 50%. As a result, a change in the total mix of our sales among higher or lower margin products can cause our profitability to fluctuate from period to period.

Our fiscal year ends on March 31. We refer to our current fiscal year which ends on March 31, 2026 as "fiscal 2026". We refer to our most recently completed fiscal year, which ended on March 31, 2025, as "fiscal 2025", and our prior fiscal year which ended on March 31, 2024 as "fiscal 2024". Our fiscal first quarter of each fiscal year ends on June 30, our fiscal second quarter ends on September 30, our fiscal third quarter ends on December 31, and our fiscal fourth quarter ends on March 31.

Recent Developments

Reverse Stock Split

On August 22, 2025, Orion enacted a 1-for-10 reverse stock split on all common stock in order to remain compliant with the Minimum Bid Price Rule required by Nasdaq. By regaining compliance with the Minimum Bid Price Rule, the Company will continue to be listed on the Nasdaq Capital Market.

Voltrek Earnout

Effective on October 5, 2022, we acquired all of the outstanding membership interest of Voltrek, a leading electric vehicle charging company that provides turnkey installation solutions with ongoing support to all commercial verticals. In connection with such acquisition, we may owe additional material earnout payments based on Voltrek's financial performance in fiscal 2025 as described below. The related estimated liability of approximately $1.4 million of such remaining earnout is recorded as subordinated debt.

Effective on June 23, 2025, we entered into the Term Sheet with respect to our remaining earnout obligations owed to the prior owner of Voltrek. Pursuant to the Term Sheet, on August 1, 2025, we paid the prior owner of Voltrek $500,000, and on September 2, 2025 we paid an additional $375,000, in full and final payment of our fiscal 2024 Voltrek Acquisition earnout obligations. Additionally, pursuant to the Term Sheet, on July 16, 2025, we issued $1.0 million of our common stock, constituting 164,908 shares, to the prior owner of Voltrek in partial payment of our fiscal 2025 and aggregate fiscal 2023 through fiscal 2025 earnout obligations. We agreed with the prior owner of Voltrek to pay the remainder of the finally determined remaining amount of our fiscal 2025 earnout obligations ("Remaining Earnout Amount") pursuant to the Subordinated Loan Agreement (as defined below). In addition, we and the prior owner of Voltrek agreed to submit the final determination of the Remaining Earnout Amount to binding arbitration.

Pursuant to the Term Sheet, on September 30, 2025, we and the prior owner of Voltrek, entered into the Subordinated Loan Agreement ("Subordinated Loan Agreement"), pursuant to which the prior owner of Voltrek agreed to defer our payment of the Remaining Earnout Amount pursuant to the terms of the Subordinated Loan Agreement and related Senior Subordinated Note. We agreed to pay monthly principal payments to the prior owner of Voltrek on the Senior Subordinated Note of $25,000 beginning on January 15, 2026, which will increase to $50,000 on July 15, 2026 through the maturity date of July 15, 2027. We also agreed to pay interest monthly to the prior owner of Voltrek at the annual rate of 7% beginning on July 15, 2025, subject to adjustment following the final determination in binding arbitration of the Remaining Earnout Amount. We have the right to pay up to 20% of the remaining principal on the Senior Subordinated Note on the maturity date in shares of our common stock.

In connection with our entry into the Subordinated Loan Agreement, on September 30, 2025, we and Bank of America entered into an amendment to our credit agreement, pursuant to which Bank of America consented to the subordinated liens granted by us in favor of the prior owner of Voltrek and consented to the Remaining Earnout Amount evidenced by the Subordinated Loan Agreement, subject to: (a) a maximum amount of up $3.0 million following the final determination in binding arbitration of the Remaining Earnout Amount or (b) such higher amount as consented to in writing by Bank of America promptly following its receipt of notice of the binding arbitration decision.

The final Remaining Earnout Amount determined to be owed by us could be in excess of our current accrued liability for such Remaining Earnout Amount and could materially adversely affect our future liquidity.

Significant New Exterior Lighting Project

We have been awarded a new large-scale LED exterior lighting project with a leading international retail chain, anticipated to generate approximately $14 million to $15 million of revenue. The large-scale project is expected to begin in our fourth quarter of fiscal 2026, with the majority of the project expected to be completed by the end of July 2026. This new order follows our October 31, 2025 announcement of a three-year renewal of a major LED lighting maintenance contract for this customer, with the renewal having an estimated total revenue potential of between $42 million to $45 million. We will continue to maintain LED lighting systems for more than 2,000 stores operated by this retailer. There is an additional potential for significant expansion of this customer relationship in our fiscal 2027.

Ongoing Cost Cutting Initiatives

Over the past two fiscal years, we have been successful in reducing our annual operating expenses by approximately $6.5 million. This cost cutting and overhead reduction initiative has resulted in improved gross margins and profitability.

Public Stock Offering

On February 2, 2026, we issued 500,000 shares of our common stock at a price to the public of $14.00 per share pursuant to a firmly underwritten public offering. Net proceeds form the offering of approximately $6.4 million will be used to reduce amounts outstanding under our credit agreement, with the remainder to be used for working capital and general corporate purposes.

Results of Operations - Three Months Ended December 31, 2025 versus Three Months Ended December 31, 2024

The following table sets forth the line items of our Condensed Consolidated Statements of Operations and as a relative percentage of our total revenue for each applicable period, together with the relative percentage change in such line item between applicable comparable periods (dollars in thousands, except percentages):

	Three Months Ended December 31,				
	2025	2024		2025	2024
	Amount	Amount	% Change	% of Revenue	% of Revenue
Product revenue	$ 14,639	$ 14,308	2.3%	69.4%	73.1%
Service revenue	6,450	5,276	22.3%	30.6%	26.9%
Total revenue	21,089	19,584	7.7%	100.0%	100.0%
Cost of product revenue	9,780	9,347	4.6%	46.4%	47.7%
Cost of service revenue	4,802	4,483	7.1%	22.8%	22.9%
Total cost of revenue	14,582	13,830	5.4%	69.1%	70.6%
Gross profit	6,507	5,754	13.1%	30.9%	29.4%
General and administrative	3,385	3,857	(12.2)%	16.1%	19.7%
Sales and marketing	2,499	2,859	(12.6)%	11.8%	14.6%
Research and development	237	287	(17.4)%	1.1%	1.5%
Income (loss) from operations	386	(1,249)	130.9%	1.8%	(6.4)%
Interest expense	(203)	(255)	(20.4)%	(1.0)%	(1.3)%
Amortization of debt issue costs	(51)	(49)	4.1%	(0.2)%	(0.3)%
Royalty income	46	45	2.2%	0.5%	0.5%
Interest income	—	1	(100.0)%	—	0.0%
Income (loss) before income tax	178	(1,507)	111.8%	0.8%	(7.7)%
Income tax expense	18	1	1700.0%	0.1%	0.0%
Net income (loss)	$ 160	$ (1,508)	110.6%	0.8%	(7.7)%

Revenue, Cost of Revenue and Gross Margin. Product revenue increased 2.3%, or $0.3 million, for the third quarter of fiscal 2026 versus the third quarter of fiscal 2025. Service revenue increased 22.3%, or $1.2 million, for the third quarter of fiscal 2026 versus the third quarter of fiscal 2025. The resulting increase in total revenue was due to increased revenue in the EV segment due to higher volume. Cost of product revenue increased by 4.6%, or $0.4 million, in the third quarter of fiscal 2026 versus the comparable period in fiscal 2025. Cost of service revenue increased by 7.1%, or $0.3 million, in the third quarter of fiscal 2026 versus the comparable period in fiscal 2025. Gross margin increased from 29.4% of revenue in the third quarter of fiscal 2025 to 30.9% of revenue in the third quarter of fiscal 2026, due primarily to increases in the EV and maintenance segments.

Operating Expenses

General and Administrative. General and administrative expenses decreased 12.2%, or $0.5 million, in the third quarter of fiscal 2026 compared to the third quarter of fiscal 2025. This comparative decrease was primarily due to no Voltrek earnout expense being recognized in fiscal 2026 (fiscal 2025 was the final year for the Voltrek earnout), along with decreased depreciation and amortization and decreased wages and benefits as a result of the restructuring that took place in fiscal 2025. These decreases were partially offset by increased legal fees for multiple initiatives in the current year along with increased consulting fees as a result of the ERP system implementation.

Sales and Marketing. Sales and marketing expenses decreased 12.6%, or $0.4 million, in the third quarter of fiscal 2026 compared to the third quarter of fiscal 2025. This comparative decrease was primarily due to the decreased wages and benefits resulting from the restructuring that took place in fiscal 2025, which was partially offset by increased commissions.

Research and Development. Research and development expenses decreased 17.4%, or $0.1 million, in the third quarter of fiscal 2026 compared to the third quarter of fiscal 2025.

Lighting Segment

Our lighting segment develops and sells lighting products and provides construction and engineering services for our commercial lighting and energy management systems. Our lighting segment provides engineering, design, lighting products and in many cases turnkey solutions for large national accounts, governments, municipalities, schools and other customers mostly through direct sales and also sells lighting products though manufacturer representative agencies and to the wholesale contractor markets through ESCOs and contractors.

The following table summarizes our lighting segment operating results (dollars in thousands):

	Three Months Ended December 31,		
	2025	2024	% Change
Revenue	$ 12,074	$ 13,214	(8.6)%
Operating income (loss)	$ (2)	$ 429	(100.5)%
Operating margin	(0.0)%	3.2%	

Lighting segment revenue in the third quarter of fiscal 2026 decreased by 8.6%, or $1.1 million, compared to the third quarter of fiscal 2025. The decrease was primarily related to lower turnkey projects. The change from operating income to operating loss in this segment was primarily due to the reduction in revenue.

Maintenance Segment

Our maintenance segment provides retailers, distributors and other businesses with maintenance, repair and replacement services for the lighting and related electrical components deployed in their facilities.

The following table summarizes our maintenance segment operating results (dollars in thousands):

	Three Months Ended December 31,		
	2025	2024	% Change
Revenue	$ 4,356	$ 3,925	11.0%
Operating income (loss)	$ 568	$ 309	83.8%
Operating margin	13.0%	7.9%	

Maintenance segment revenue in the third quarter of fiscal 2026 increased by 11.0%, or $0.4 million, compared to the third quarter of fiscal 2025 primarily due to increased work orders from our major customer. Operating income in this segment increased as a result of an increase in revenues and product sales directly to customer contractors.

EV Segment

Our EV segment offers leading electric vehicle charging expertise and provides EV turnkey installation solutions with ongoing support to all commercial verticals.

The following table summarizes our EV segment operations results (dollars in thousands):

	Three Months Ended December 31,		
	2025	2024	% Change
Revenue	$ 4,659	$ 2,445	90.6%
Operating income (loss)	$ 706	$ (1,166)	160.5%
Operating margin	15.2%	(47.7)%	

EV segment revenue in the third quarter of fiscal 2026 increased by 90.6%, or $2.2 million, compared to the third quarter of fiscal 2025. The increase in revenue was primarily due to increased projects from a major customer. Operating income increased $1.9 million in the third quarter of fiscal 2026 due to increased project margins along with increased revenues.

Results of Operations - Nine Months Ended December 31, 2025 versus Nine Months Ended December 31, 2024

The following table sets forth the line items of our Condensed Consolidated Statements of Operations and as a relative percentage of our total revenue for each applicable period, together with the relative percentage change in such line item between applicable comparable periods (dollars in thousands, except percentages):

	Nine Months Ended December 31,				
	2025	2024		2025	2024
	Amount	Amount	% Change	% of Revenue	% of Revenue
Product revenue	$ 40,964	$ 39,442	3.9%	67.6%	67.0%
Service revenue	19,619	19,409	1.1%	32.4%	33.0%
Total revenue	60,583	58,851	2.9%	100.0%	100.0%
Cost of product revenue	27,379	26,809	2.1%	45.2%	45.6%
Cost of service revenue	14,619	17,541	(16.7)%	24.1%	29.8%
Total cost of revenue	41,998	44,350	(5.3)%	69.3%	75.4%
Gross profit	18,585	14,501	28.2%	30.7%	24.6%
General and administrative	11,487	12,970	(11.4)%	19.0%	22.0%
Sales and marketing	7,291	8,644	(15.7)%	12.0%	14.7%
Research and development	676	840	(19.5)%	1.1%	1.4%
Loss from operations	(869)	(7,953)	(89.1)%	(1.4)%	(13.5)%
Interest expense	(652)	(800)	(18.5)%	(1.1)%	(1.4)%
Amortization of debt issue costs	(152)	(155)	(1.9)%	(0.3)%	(0.3)%
Royalty income	49	61	(19.7)%	0.2%	0.2%
Loss before income tax	(1,624)	(8,846)	(81.6)%	(2.7)%	(15.0)%
Income tax expense	41	44	(6.8)%	0.1%	0.1%
Net loss	$ (1,665)	$ (8,890)	(81.3)%	(2.7)%	(15.1)%

Revenue, Cost of Revenue and Gross Margin. Product revenue increased 3.9%, or $1.5 million, for the first nine months of fiscal 2026 versus the first nine months of fiscal 2025. Service revenue increased 1.1%, or $0.2 million, for the first nine months of fiscal 2026 versus the first nine months of fiscal 2025. The resulting increase in total revenue was due to increased revenue in the maintenance and EV segments, which was partially offset by a decrease in revenue in the lighting segment. Cost of product revenue decreased by 2.1%, or $0.6 million, in the first nine months of fiscal 2026 versus the comparable period in fiscal 2025. Cost of service revenue decreased by 16.7%, or $2.9 million, in the first nine months of fiscal 2026 versus the comparable period in fiscal 2025, primarily due to the restructuring efforts made in fiscal 2025. Gross margin increased from 24.6% of revenue in the first nine months of fiscal 2025 to 30.7% in the first nine months of fiscal 2026, due primarily to increased margins in the EV and maintenance segments.

Operating Expenses

General and Administrative. General and administrative expenses decreased 11.4%, or $1.5 million, in the first nine months of fiscal 2026 compared to the first nine months of fiscal 2025. This comparative decrease was primarily due to savings of $1.4 million due to no Voltrek earnout expense being recognized in fiscal 2026 (fiscal 2025 was the final year for the Voltrek earnout), along with decreased wages and benefits as a result of the restructuring that took place in fiscal 2025. These decreases in fiscal 2026 were partially offset by increases in investor relations and legal fees related to the reverse stock split.

Sales and Marketing. Sales and marketing expenses decreased 15.7%, or $1.4 million, in the first nine months of fiscal 2026 compared to the first nine months of fiscal 2025. This comparative decrease was primarily due to decreased wages and benefits as a result of the restructuring that took place in fiscal 2025, along with reversals of bad debt due to payments coming in on previously written off receivables.

Research and Development. Research and development expenses decreased 19.5%, or $0.2 million, in the first nine months of fiscal 2026 compared to the third quarter of fiscal 2025.

Lighting Segment

The following table summarizes our lighting segment operating results (dollars in thousands):

	Nine Months Ended December 31,		
	2025	2024	% Change
Revenue	$ 35,620	$ 36,805	(3.2)%
Operating loss	$ (660)	$ (2,055)	(67.9)%
Operating margin	(1.9)%	(5.6)%	

Lighting segment revenue in the first nine months of fiscal 2026 decreased by 3.2%, or $1.2 million, compared to the first nine months of fiscal 2025. The decrease was primarily related to lower turnkey projects. The decrease in operating loss in this segment was a result of a decrease in cost of sales along with lower operating expenses.

Maintenance Segment

The following table summarizes our maintenance segment operating results (dollars in thousands):

	Nine Months Ended December 31,		
	2025	2024	% Change
Revenue	$ 12,844	$ 11,045	16.3%
Operating income (loss)	$ 1,254	$ (1,019)	223.1%
Operating margin	9.8%	(9.2)%	

Maintenance segment revenue in the first nine months of fiscal 2026 increased by 16.3%, or $1.8 million, compared to the first nine months of fiscal 2025 primarily due to increased work orders from our major customer. Operating income in this segment increased as a result of an increase in revenues and product sales directly to customer contractors, along with a decrease in cost of sales and operating expenses as a result of restructuring efforts in fiscal 2025.

EV Segment

The following table summarizes our EV segment operations results (dollars in thousands):

	Nine Months Ended December 31,		
	2025	2024	% Change
Revenue	$ 12,119	$ 11,001	10.2%
Operating income (loss)	$ 1,506	$ (2,001)	175.3%
Operating margin	12.4%	(18.2)%	

EV segment revenue in the first nine months of fiscal 2026 increased by 10.2%, or $1.1 million, compared to the first nine months of fiscal 2025. The increase in revenue was primarily due to increased projects from a major customer. Operating income increased $3.5 million in the first nine months of fiscal 2026 due to increased project margins along with lower operating expenses.

Liquidity and Capital Resources

Overview

We believe our existing cash and operating cash flow provide us with the financial flexibility needed to meet our capital requirements, including to fund our budgeted capital expenditures and working capital needs for at least one year from the date of this report, as well as our longer-term capital requirements for periods beyond at least one year from the date of this report.

We had approximately $4.7 million in cash and cash equivalents as of December 31, 2025, compared to $6.0 million at March 31, 2025. Our cash position decreased primarily as a result of a $1.3 million repayment of debt in the first nine months of fiscal 2026.

Our future liquidity needs and forecasted cash flows are dependent upon many factors, including our relative revenue, gross margins, cash management practices, cost containment, working capital management and capital expenditures, as well as the final determination of the Remaining Earnout Amount. While we believe that we will likely have adequate available cash and equivalents and credit availability under our credit agreement to satisfy our currently anticipated working capital and liquidity requirements for at least the next 12 months based on our current cash flow forecast, if we experience significant liquidity constraints, we may be required to issue equity or debt securities, reduce our sales efforts, implement additional cost savings initiatives or undertake other efforts to conserve our cash.

Cash Flows

The following table summarizes our cash flows for the nine months ended December 31, 2025 and 2024 (in thousands):

	Nine Months Ended December 31,	
	2025	2024
Operating activities	$ 407	$ 1,298
Investing activities	(61)	134
Financing activities	(1,597)	910
(Decrease) increase in cash and cash equivalents	$ (1,251)	$ 2,342

Cash Flows Related to Operating Activities. Cash provided by operating activities for the first nine months of fiscal 2026 was $0.4 million and consisted of our net loss of $1.7 million adjusted for non-cash expense items and net cash provided in changes in operating assets of $2.1 million, the largest of which were inventories, net, accounts payable, and prepaid expenses, which were partially offset by a decrease in accrued expenses and other.

Cash provided by operating activities for the first nine months of fiscal 2025 was $1.3 million and consisted of our net loss of $8.9 million adjusted for non-cash expense items and net cash provided in changes in operating assets of $10.2 million, the largest of which were accounts receivable, revenue earned but not billed, and inventories totaling $8.5 million. These increases were partially offset by a $4.9 million decrease in accounts payable.

Cash Flows Related to Investing Activities. Cash used in investing activities of $0.1 million in the first nine months of fiscal 2026 consisted primarily of purchases of property and equipment, mostly related to our Enterprise Resource Planning ("ERP") system implementation.

Cash provided by investing activities of $134 thousand in the first nine months of fiscal 2025 consisted primarily of sales of property and equipment.

Cash Flows Related to Financing Activities. Cash used in financing activities of $1.6 million in the first nine months of fiscal 2026 was primarily due to payments on our revolving credit facility along with costs incurred related to the issuance of subordinated debt.

Cash provided by financing activities of $910 thousand in the first nine months of fiscal 2025 was primarily due to the mortgage term loan discussed in Note 12 above, which was partially offset by payments on our revolving credit facility and long-term debt.

Working Capital

Our net working capital as of December 31, 2025 was $8.6 million, consisting of $32.8 million in current assets and $24.2 million in current liabilities. Our net working capital as of March 31, 2025 was $8.7 million, consisting of $35.5 million in current assets and $26.8 million in current liabilities.

We generally attempt to maintain at least a three-month supply of on-hand inventory of purchased components and raw materials to meet anticipated demand, as well as to reduce our risk of unexpected raw material or component shortages or supply interruptions. Our accounts receivable, net, inventories, net, accounts payable and revenue earned but not billed may increase to the extent our revenue and order levels increase.

Indebtedness

Revolving Credit Agreement

Our credit agreement provides for a $25.0 million revolving credit facility (the “Credit Facility”) that matures on June 30, 2027. Borrowings under the Credit Facility are subject to a borrowing base requirement based on eligible receivables, inventory and cash. As of December 31, 2025, the borrowing base supported approximately $12.9 million of availability under the Credit Facility, with $5.8 million drawn against that availability. As of December 31, 2024, the borrowing base supported approximately $15.6 million of availability under the Credit Facility, with $7.5 million drawn against that availability.

The credit agreement is secured by a first lien security interest in substantially all of our assets.

Borrowings under the credit agreement are permitted in the form of SOFR or prime rate-based loans and generally bear interest at floating rates plus an applicable margin determined by reference to our availability under the Credit Agreement. Among other fees, we are required to pay an annual facility fee of $15,000 and a fee of 25 basis points on the unused portion of the Credit Facility.

The credit agreement includes a springing minimum fixed cost coverage ratio of 1.0 to 1.0 when excess availability under the Credit Facility falls below $4.0 million of the committed facility. Currently, the required springing minimum fixed cost coverage ratio is not required.

Voltrek Earnout and Subordinated Debt

Effective on October 5, 2022, we acquired all of the outstanding membership interests of Voltrek, a leading electric vehicle charging company that provides turnkey installation solutions with ongoing support to all commercial verticals. In connection with such acquisition, we may owe additional material earnout payments based on Voltrek’s financial performance in fiscal 2025 as described below. The related estimated liability of approximately $1.4 million of such remaining earnout is recorded as subordinated debt.

Effective on June 23, 2025, the Company entered into a binding term sheet, as subsequently amended (the "Term Sheet"), pursuant to which we agreed with the prior owner of Voltrek to pay the remainder of the finally determined Remaining Earnout Amount pursuant to the Subordinated Loan Agreement. In addition, the we and the prior owner of Voltrek agreed to submit the final determination of the Remaining Earnout Amount to binding arbitration.

Pursuant to the Term Sheet, on September 30, 2025, we and the prior owner of Voltrek entered into the Subordinated Loan Agreement, pursuant to which the prior owner of Voltrek agreed to defer our payment of the Remaining Earnout Amount pursuant to the terms of the Subordinated Loan Agreement and related Senior Subordinated Note. We agreed to pay monthly principal payments to the prior owner of Voltrek on the Senior Subordinated Note of $25,000 beginning on January 15, 2026, which will increase to $50,000 on July 15, 2026 through the maturity date of July 15, 2027. We also agreed to pay interest monthly to the prior owner of Voltrek at the annual rate of 7% beginning on July 15, 2025, subject to adjustment following the final determination in binding arbitration of the Remaining Earnout Amount, as set forth in more detail in the Subordinated Loan Agreement. We have the right to pay up to 20% of the remaining principal on the Senior Subordinated Note on the maturity date in shares of our common stock.

In connection with the our entry into the Subordinated Loan Agreement, Senior Subordinated Note, Security Agreement and Subordination Agreement, on September 30, 2025, we and Bank of America entered into an amendment to our credit agreement, pursuant to which Bank of America consented to the subordinated liens granted by us in favor of the prior owner of Voltrek and consented to the Remaining Earnout Amount evidenced by the Subordinated Loan Agreement, subject to: (a) a maximum amount of up $3.0 million following the final determination in binding arbitration of the Remaining Earnout Amount or (b) such higher amount as consented to in writing by Bank of America promptly following its receipt of notice of the binding arbitration decision.

The final Remaining Earnout Amount determined to be owed by us could be in excess of our current accrued liability for such Remaining Earnout Amount and could materially adversely affect our future liquidity.

On February 2, 2026, we issued 500,000 shares of our common stock at a price to the public of $14.00 per share pursuant to a firmly underwritten public offering. Net proceeds from the offering of approximately $6.4 million will be used to reduce amounts outstanding under our credit agreement, with the remainder to be used for working capital and general corporate purposes.

Backlog

Backlog represents the amount of revenue that we expect to realize in the future as a result of firm, committed purchase orders. Backlog totaled $20.1 million and $17.3 million as of December 31, 2025 and March 31, 2025, respectively. We generally expect our backlog to be recognized as revenue within one year. Backlog does not include any amounts for contracted maintenance services.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Estimates

There have been no material changes to our critical accounting estimates since March 31, 2025. For a full discussion of these estimates and policies, see "Critical Accounting Estimates" within "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2025 Annual Report on Form 10-K.

Recent Accounting Pronouncements

For a complete discussion of recent accounting pronouncements, refer to Note 2 in the Condensed Consolidated Financial Statements included elsewhere in this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk was discussed in the "Quantitative and Qualitative Disclosures About Market Risk" section contained in our Annual Report on Form 10-K for the year ended March 31, 2025. There have been no material changes to such exposures since March 31, 2025.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of December 31, 2025, an evaluation was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based on this evaluation, such officers concluded that our disclosure controls and procedures were effective as of December 31, 2025.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) for the quarter ended December 31, 2025, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to various claims and legal proceedings arising in the ordinary course of business. As of the date of this report, we do not believe that the final resolution of any of such claims or legal proceedings will have a material adverse effect on our future results of operations.

See Note 14 – Commitments and Contingencies, to the Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

The following description of risk factors includes any material changes to, and supersedes the description of, risk factors associated with the Company's business previously disclosed in Part I, Item 1A of the Form 10-K for the fiscal year ended March 31, 2025, which we filed with the SEC on June 26, 2025 under the heading "Risk Factors." The matters discussed in the following risk factors, and additional risks and uncertainties not currently known to us or that we currently deem immaterial, could have a material adverse effect on our business, financial condition, results of operations and future growth prospects and could cause the trading price of our common stock to decline.

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Form 10-Q. The following information should be read in conjunction with the Condensed Consolidated Financial Statements and related notes in Part I, Item 1, "Financial Statements" and Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-Q.

Financial Risks

Our existing liquidity and capital resources may not be sufficient to allow us to fund or sustain our working capital requirements or pay our contractual or debt obligations.

Our existing liquidity and capital resources may not be sufficient to allow us to effectively fund or sustain our working capital requirements or pay our contractual or debt obligations, including our senior debt to Bank of America or our remaining earnout obligations owed in connection with our acquisition of Voltrek. If we require additional capital resources, we may not be able to obtain sufficient equity capital and/or debt financing on acceptable terms or conditions, or at all. Factors affecting the availability to us of additional equity capital or debt financing on acceptable terms and conditions, or in sufficient amounts, include:

- Our history of operating losses over the past several years;
- Our frequent inability to achieve our financial results guidance or budget expectations;
- Our senior debt and subordinated earnout debt obligations and security interests in substantially all of our assets;
- The use of funds to help satisfy our remaining Voltrek earnout obligations;
- Our current and future financial condition;
- Our limited collateral availability;
- Our current customer concentration;
- The market’s, investors’ and lenders’ view of our company, industry and products;
- Our ability to achieve budgeted expectations or revenue guidance and the perception in the equity and debt markets of our ability to execute and sustain our business plan or achieve our operating results expectations;
- The price, volatility and trading volume and history of our Common Stock; and
- The impact of tariffs and other macroeconomic and geopolitical factors on our profitability.

Our inability to obtain the equity capital or debt financing necessary to fund our operations could force us to scale back or restructure our operations or our senior or anticipated subordinated debt obligations. If we are unable to obtain any necessary additional equity capital or debt financing, our results of operations, financial condition and cash flows could be materially adversely affected.

We may need to raise additional equity capital or subordinated or convertible debt to provide us with additional liquidity and capital resources to help fund our operations and pay our senior debt to Bank of America and our remaining Voltrek acquisition earnout obligations. At our current stock price, such an equity or convertible debt raise would likely be materially dilutive to our shareholders.

We may need to raise additional equity capital or subordinated or convertible debt in order to fund our operations, pay our senior debt to Bank of America and pay our remaining Voltrek earnout obligations, and may pursue equity or debt financings, which may be materially dilutive to our existing shareholders. At our current stock price, the issuance of additional Common Stock or convertible debt would significantly dilute the value our Common Stock held by existing shareholders. Similarly, any new securities we may issue may carry preferences, superior voting rights, or additional terms that could adversely affect shareholders of our Common Stock. Future capital raising efforts may incur substantial costs, such as investment banking, legal and accounting fees, and could lead to non-cash expenses that further negatively impact our financial condition.

Our ability to achieve our budgeted fiscal 2026 revenue expectations, and related public fiscal 2026 revenue guidance, will have a significant impact on our cash flow and stock price and ability to fund our operations and satisfy our debt obligations.

We have historically had difficulties in achieving our budgeted revenue expectations, and related public annual revenue guidance. Our ability to achieve our budgeted fiscal 2026 revenue expectations, and related public fiscal 2026 revenue guidance, will have a significant impact on our cash flow, financial condition and stock price and ability to fund our operations and satisfy our debt obligations.

We are currently in arbitration over the final remaining earn out amount we owe for acquiring Voltrek. There can be no assurance that the arbitrator will not determine that we owe significantly more than we have currently accrued as a liability on our financial statements, which could materially adversely affect our liquidity.

On October 5, 2022, we acquired Voltrek, a leading electric vehicle charging company that provides turnkey installation solutions with ongoing support to all commercial verticals. In connection with such acquisition, we may owe additional material earnout payments based on Voltrek's financial performance in fiscal 2025 as described below. The related estimated liability of approximately $1.4 million of such remaining earnout is recorded as subordinated debt.

On June 23, 2025, we entered into a term sheet with respect to our remaining earnout obligations owed to Voltrek's prior owner. Pursuant to the term sheet, on August 1, 2025, we paid the prior owner $500,000, and on September 2, 2025 we paid an additional $375,000, in full and final payment of our fiscal 2024 Voltrek acquisition earnout obligations. Additionally, pursuant to the term sheet, on July 16, 2025, we issued $1.0 million in our Common Stock to Voltrek's prior owner in partial payment of our fiscal 2025 and aggregate fiscal 2023 through fiscal 2025 earnout obligations.

On September 30, 2025, we entered into a subordinated loan agreement, pursuant to which Voltrek's prior owner agreed to defer our payment of the remaining earnout amount to be determined by binding arbitration. We agreed to pay monthly principal payments to Voltrek's prior owner of $25,000 beginning on January 15, 2026, which will increase to $50,000 on July 15, 2026 through the maturity date of July 15, 2027. We also agreed to pay interest monthly to the prior owner at the annual rate of 7% beginning on July 15, 2025, subject to adjustment following the final determination in binding arbitration of the remaining earnout amount, as set forth in more detail in the subordinated loan agreement. We have the right to pay up to 20% of the remaining principal on the senior subordinated loan on the maturity date in shares of our Common Stock.

In connection with our entry into the subordinated loan agreement with Voltrek's prior owner, Bank of America agreed that the remaining earnout amount evidenced by the subordinated loan agreement could not exceed (a) $3.0 million following the final determination in binding arbitration of the remaining earnout amount or (b) such higher amount as consented to in writing by Bank of America promptly following its receipt of notice of the binding arbitration decision.

The final remaining earnout amount determined to be owed by us pursuant to the pending binding arbitration could be in excess of our current accrued liability for such remaining earnout amount, and could materially adversely affect our future liquidity. Additionally, our payments of some of our Voltrek earnout obligations in shares of our Common Stock may result in our existing shareholders experiencing significant dilution to the value of their investment in our Common Stock.

We are currently in mediation with respect to allegations that we did not adequately mark certain patented products that we contract manufactured on behalf of a customer. There can be no assurance that the mediator will not determine that we are liable for significant damages for such allegations.

One of our customers has alleged that, among other matters, we did not adequately mark certain patented products that we contract manufactured for them. While we believe we have substantial defenses against such allegations, there can be no assurance that the mediator will not determine that we are liable for significant damages resulting from such allegations.

Any economic and political uncertainty caused by tariffs posed by the United States on other countries, and any corresponding tariffs from such other countries in response, may negatively impact demand and/or increase the cost for our products and components used in our products and reduce our gross margins.

The current United States administration is pursuing a wide range of monetary, regulatory and trade policies, including the imposition of significant tariffs on certain imports into the United States. Foreign governments, including the Chinese government, have announced their intent to implement or increase tariffs on imports from the United States in response. Certain sourced finished products and certain of the components used in our products are impacted by tariffs imposed on imports as currently in effect. If we are unable to successfully mitigate the impacts of these tariffs and other trade policies, our results of operations, financial condition and cash flows may be materially adversely affected. It remains unclear what the current United States administration or foreign governments will or will not do in the future with respect to tariffs or trade agreements and policies. A trade war, other governmental action related to tariffs or trade agreements, changes in United States social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently purchase, manufacture and sell products and components, and any resulting negative sentiments towards the United States as a result of such changes, could have a material adverse effect on our results of operations, financial condition and cash flows.

Over the past several years we have incurred substantial net losses and negative cash flow. If these trends continue, our liquidity and financial condition will be further materially adversely affected.

We experienced a net loss and negative cash flows in each of the last three fiscal years. There is no guarantee that we will be able to regain or sustain profitability and positive cash flows in the future. Our inability to successfully regain or sustain our profitability and positive cash flows will materially and adversely affect our ability continue our current level of operations and satisfy our debt obligations.

We have a significant amount of goodwill and intangible assets on our balance sheet and our results of operations may be adversely affected if we are required to recognize an impairment charge against our goodwill and intangible assets.

We had goodwill of almost $1.5 million and net intangible assets of almost $2.9 million as of September 30, 2025. In accordance with GAAP, goodwill and intangible assets with an indefinite life are not amortized but are subject to a periodic impairment evaluation. Goodwill and acquired intangible assets with an indefinite life are tested for impairment at least annually or when events and circumstances indicate that fair value of a reporting unit may be below their carrying value. Some factors that could lead to a goodwill impairment assessment would be:

- our overall financial performance, including continued net losses and low levels of liquidity;
- a material decline in the price of our Common Stock;

- macroeconomic factors;
- changes in our strategy or exiting a portion of the business;
- significant adverse changes in demand for our products and services; and
- related competitive considerations.

We may be required to incur material charges relating to the impairment of those assets. Such impairment charges could materially and adversely affect our business, results of operations and financial condition. In accordance with GAAP, we will continue to test goodwill for impairment at least annually or when events and circumstances trigger the requirement for an interim evaluation.

We are subject to financial and operating covenants in our senior credit agreement and our subordinated loan agreement with Voltrek's prior owner, and any failure to comply with such covenants, or obtain waivers in the event of non-compliance, could limit our borrowing availability or result in a default under our senior credit agreement, materially adversely impacting our liquidity.

Our senior credit agreement and our subordinated loan agreement evidencing our Voltrek acquisition earnout obligations, contain provisions that limit our future borrowing availability and set forth other customary covenants, including certain restrictions on our ability to incur additional indebtedness, consolidate or merge, enter into acquisitions, make investments, pay any dividend or distribution on our stock, redeem, repurchase or retire shares of our stock, or pledge or dispose of assets.

There can be no assurance that we will be able to comply with the financial and other covenants in our senior and subordinated debt agreements. Our failure to comply with these covenants could cause us to be unable to borrow under the senior credit agreement and may constitute an event of default under our senior and subordinated debt agreements, which, if not cured or waived, could result in the acceleration of the maturity of any indebtedness then outstanding under our senior and subordinated debt agreements and, which would require us to pay all amounts then outstanding. Such an event would materially adversely affect our financial condition and liquidity. Additionally, such events of non-compliance could impact the terms of any additional borrowings and/or any credit renewal terms. Any failure to comply with such covenants may be a disclosable event and may be perceived negatively. Such perception could adversely affect the market price for our Common Stock and our ability to obtain financing in the future.

Our net operating loss carry-forwards provide a future benefit only if we regain sustained profitability and may be subject to limitation based upon ownership changes.

We have significant federal net operating loss carry-forwards and state net operating loss carry-forwards. If we are unable to regain sustained profitability, we will not be able to fully utilize these tax benefits. Furthermore, generally a change of more than 50% in the ownership of a company's stock, by value, over a three-year period constitutes an ownership change for federal income tax purposes. An ownership change may limit a company's ability to use its net operating loss carry-forwards attributable to the period prior to such change. As a result, our ability to use our net operating loss carry-forwards attributable to the period prior to such ownership change to offset taxable income could be subject to limitations in a particular year, which could potentially result in our increased future tax liability.

Risks Related to Our Common Stock

Our shareholders may experience substantial dilution in the value of their investment or may otherwise have their interests impaired to the extent we issue additional shares of our Common Stock.

Our Amended and Restated Articles of Incorporation allow us to issue up to 50 million shares, consisting of 20 million shares of our Common Stock and 30 million shares of our preferred stock. We may in the future issue additional shares of our Common Stock or other securities convertible into or exchangeable for our Common Stock, which could result in substantial dilution to the interests of existing shareholders. For example, we have the option to pay up to 20% of the then remaining outstanding balance of our Voltrek earnout obligations at maturity in shares of our Common Stock.

Additionally, to raise additional capital, we may in the future sell additional shares of our Common Stock or other securities convertible into or exchangeable for our Common Stock at prices that are lower than the prices paid by existing shareholders, and investors purchasing shares or other securities in the future could have rights superior to existing shareholders, which could result in substantial dilution to the interests of existing shareholders.

If securities or industry analysts do not continue to publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Common Stock may continue to depend, in part, on the research reports that securities or industry analysts publish about us and our peer group companies. If these analysts do not continue to provide adequate research coverage or if one or more of the analysts who covers us downgrades our stock, lowers our stock's price target or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

We are not currently paying dividends on our Common Stock and will likely continue not paying dividends for the foreseeable future.

We have never paid or declared any cash dividends on our Common Stock. We currently intend to retain all available funds and any future earnings to fund the continued operation of our business and repay our senior debt and senior subordinated debt. We do not anticipate paying any cash dividends on our Common Stock in the foreseeable future. In addition, the terms of our existing revolving credit agreement and our senior subordinated debt restrict the payment of cash dividends on our Common Stock. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, contractual restrictions and other factors that our Board deems relevant. The restrictions on, and decision not to, pay dividends on our Common Stock may impact our ability to attract certain investors and raise funds, if necessary, in the capital markets.

Anti-takeover provisions included in the Wisconsin Business Corporation Law, provisions in our Amended and Restated Articles of Incorporation or Bylaws could delay or prevent a change of control of our company, which could adversely impact the value of our Common Stock and may prevent or frustrate attempts by our shareholders to replace or remove our current Board or management.

A change of control of our company may be discouraged, delayed or prevented by certain provisions of the Wisconsin Business Corporation Law. These provisions generally restrict a broad range of business combinations between a Wisconsin corporation and a shareholder owning 15% or more of our outstanding Common Stock. These and other provisions in our Amended and Restated Articles of Incorporation, including our staggered Board and our ability to issue "blank check" preferred stock, as well as the provisions of our Amended and Restated Bylaws and Wisconsin law, could make it more difficult for shareholders or potential acquirers to obtain control of our Board or initiate actions that are opposed by our then-current Board, including to delay or impede a merger, tender offer or proxy contest involving our company or result in a lower price per share paid to our shareholders.

In addition, our employment arrangements with senior management provide for severance payments and accelerated vesting of benefits, including accelerated vesting of stock options and restricted stock awards, upon a change of control and a subsequent qualifying termination. These provisions could limit the price that investors might be willing to pay in the future for shares of our Common Stock, thereby adversely affecting the market price of our Common Stock. These provisions may also discourage or prevent a change of control or result in a lower price per share paid to our shareholders.

The market price of our Common Stock could be adversely affected by future sales of our Common Stock in the public market by us or our executive officers and directors.

We and our executive officers and directors may from time to time sell shares of our Common Stock in the public market or otherwise. We cannot predict the size or the effect, if any, that future sales of shares of our Common Stock by us or our executive officers and directors, or the perception of such sales, will have on the market price of our Common Stock.

The price of our Common Stock has been, and may continue to be, volatile.

Historically, the market price of our Common Stock has fluctuated over a wide range, and it is likely that the price of our Common Stock will continue to be volatile in the future. The market price of our Common Stock could be impacted due to a variety of factors, including:

- actual or anticipated fluctuations in our operating results or our competitors' operating results;
- our ability to achieve our analysts' results of operations expectations;
- actual or anticipated changes in the growth rate of the general LED lighting industry, our growth rates or our competitors' growth rates;
- conditions in the financial markets in general or changes in general economic conditions;
- novel and unforeseen market forces and trading strategies;
- actual or anticipated changes in governmental regulation, including taxation and tariff policies;
- interest rate or currency exchange rate fluctuations;
- our ability to forecast or report accurate financial results; and
- changes in stock market analyst recommendations regarding our Common Stock, other comparable companies or our industry generally.

Our quarterly revenue and operating results have fluctuated in the past and will likely vary from quarter to quarter in the future. Our results for any particular quarter are not an indication of our future performance. Our revenue and operating results may fall below the expectations of market analysts or investors in some future quarter or quarters. Our failure to meet these expectations could cause the market price of our Common Stock to decline. If the price of our Common Stock is volatile or falls significantly, we may be the target of securities litigation or could be delisted from NASDAQ. If we become involved in this type of litigation or are delisted, regardless of the outcome, we could incur substantial legal costs, management's attention could be diverted from the operation of our business, and our reputation could be damaged, which could adversely affect our results of operations, financial condition and cash flows.

In addition, due to one or more of the foregoing factors in one or more future quarters, our results of operations may fall below the expectations of securities analysts and investors. In the event any of the foregoing occur, the market price of our Common Stock could be highly volatile and may materially decline.

Operational Risks

Our products use components and raw materials that may be subject to price fluctuations, shortages or interruptions of supply, including semiconductor chips. If we are unable to maintain supply sources of our components and raw materials or if our sources fail to satisfy our supply requirements, we may lose sales and experience increased component costs.

We are vulnerable to price increases, as well as transportation and delivery delays, for components and raw materials that we require for our products, including aluminum, copper, certain rare earth minerals, semiconductor chips, power supplies and LED chips and modules. In particular, we utilize semiconductor chips in our LED lighting products and control sensors. For example, our ability to source semiconductor chips has been adversely affected in the recent past and could occur again. Difficulty in sourcing necessary components in the past has resulted in increased component delivery lead times, delays in our product production and increased costs to obtain components with available semiconductor chips. To the extent a semiconductor chip shortage occurs or our ability to acquire the parts necessary to conduct our business operations, such as other necessary finished goods, is materially affected, our production ability and results of operations will be adversely affected.

Limitations inherent within our supply chain of certain of our components, raw materials and finished goods, including competitive, governmental and legal limitations, natural disasters, and other events, could impact costs and future increases in the costs of these items. For example, the adoption of new tariffs by the United States administration or by other countries could continue to adversely affect our profitability and availability of raw materials and components, as there can be no assurance that future price increases will be successfully passed through to customers or that we will be able to find alternative suppliers. Further, suppliers' inventories of certain components that our products require may be limited and are subject to acquisition by others and we may not, as a result, have the necessary inventory of parts and goods necessary to conduct our operations. We have in the past purchased excess quantities of certain components critical to our product manufacturing, but there is no guarantee that we will be able to follow or continue to follow this practice in the future. As a result, we have had, and may need to continue, to devote additional working capital to support component and raw material inventory purchases that may not be used over a reasonable period to produce saleable products, and we may be required to increase our excess and obsolete inventory reserves to account for these excess quantities, particularly if demand for our products does not meet our expectations. Also, any further delays, shortages or interruptions in the supply of our components or raw materials could further disrupt our operations. If any of these events occur, our results of operations, financial condition and cash flows could be materially adversely affected.

The success of our EV segment ultimately depends on consumers' willingness to adopt electric vehicles in an unstable and changing market.

Our EV segment is highly dependent upon the adoption by consumers of EVs, and we are subject to a risk of any reduced demand for EVs. If the market for EVs does not gain broader market acceptance, develops slower than we expect or faces a setback, our business, prospects, financial condition and operating results will be harmed. The market for alternative fuel vehicles is relatively new, rapidly evolving, characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new vehicle announcements, long development cycles for EV original equipment manufacturers, and changing consumer demands and behaviors.

Recent or potential future changes in government and regulatory support for EV adoption, including incentives, mandates, infrastructure investment and emissions regulations and federal funding for EV infrastructure development, may negatively impact the adoption by consumers of EVs. For example, on January 20, 2025, President Trump signed Executive Order 14154 "Unleashing American Energy", which has had, and may continue to have, direct implications on the policies and regulations that impact the automotive and transportation industries, including the rescission of waivers granted by the EPA for zero emission vehicle regulations. Moreover, federal support for EV adoption generally may be in jeopardy under the current administration, as prior executive orders directing the federal government to transition to an all-electric fleet of cars and trucks have been rescinded. Additionally, the Trump administration halted significant federal funding for EV infrastructure and ordered the termination of federal subsidy programs for EVs. While the freeze on federal funding for EV infrastructure has since been lifted, federal subsidy programs for EVs have been terminated. Such disruption, reduction or elimination of governmental support for EV adoption, including any future reduction or elimination in federal funding for EV infrastructure development, could negatively impact demand for our products and services.

The current administration has also proposed further increases of tariffs on certain foreign imports into the United States. In addition to adversely impacting our ability to source components for our charging network and the cost of such components, new or increased tariffs may also result in a suppressed EV market, fewer EVs on the road and lower demand for EV chargers, which would have an adverse effect on our business, prospects, financial condition and results of operations.

Other factors that may influence the purchase and use of alternative fuel vehicles, specifically EVs, include:

- perceptions about EV quality, safety (in particular with respect to lithium-ion battery packs), design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of EVs;
- the limited range over which EVs may be driven on a single battery charge and concerns about running out of power while in use;
- concerns regarding the stability of the electrical grid;

- improvements in the fuel economy of the internal combustion engine;
- consumers' desire and ability to purchase a luxury automobile or one that is perceived as exclusive;
- the environmental consciousness of consumers;
- volatility in the cost of oil and gasoline;
- consumers' perceptions of the dependency of the United States on oil from unstable or hostile countries and the impact of international conflicts;
- government regulations and economic incentives promoting fuel efficiency and alternate forms of energy, or the reduction or elimination thereof;
- access to charging stations, standardization of EV charging systems and consumers' perceptions about convenience and cost to charge an EV; and
- the availability of tax and other governmental incentives to purchase and operate EVs or future regulation requiring increased use of nonpolluting vehicles.

The influence of any of the factors described above may negatively impact the widespread consumer adoption of EVs, which could materially and adversely affect our EV segment business, operating results, financial condition and prospects.

The reduction or elimination of incentives from the United States government for investments in EV charging infrastructure may reduce demand for public EV charging products, in addition to reducing overall demand for EVs.

The current administration has paused and rescinded policies relating to investment in EV charging infrastructure, and there is uncertainty over what public policy with respect to EV charging infrastructure will be under the current or future administrations. For example, the current administration has directed agencies to pause disbursement of funds appropriated through two laws signed by the previous administration - the Inflation Reduction Act and Infrastructure Investment and Jobs Act - including funding for EV charging stations. The infrastructure law allocated $7.5 billion to building out a network of public plugs across the country. Additionally, spending has been halted under programs such as the National Electric Vehicle Infrastructure (NEVI) program, which provides funding for building out EV charging infrastructure, and prior approvals of funding under the NEVI program have been rescinded. The halt of, and potential elimination of, incentives from the United States Government may decrease demand for, funding of and profitability of EV charging products. In connection with the reduction in incentives for investments in EV charging infrastructure, demand for at home charging products may outpace demand for public charging products, which will adversely impact demand for our products and services.

Our inability to successfully manage the implementation of a new Enterprise Resource Planning ("ERP") system may adversely affect our business, results of operations and cash flows and may adversely impact the effectiveness of our internal controls over financial reporting.

We are currently implementing a new ERP system. ERP implementations are complex, labor intensive, and time-consuming projects, which also involve substantial expenditures on system software and implementation activities. The new ERP system will be important to our ability to provide important information to our management, obtain, and deliver products, provide services and customer support, accurately maintain books and records, provide accurate, timely and reliable reports on our financial and operating results, and otherwise operate our business. ERP implementations also require transformation of business and financial processes in order to reap the benefits of the ERP system. Any such implementation involves risks inherent in the conversion to a new computer system technology solution, including loss of information and potential disruption to our normal operations. The implementation and maintenance of the new ERP system will require, the investment of significant financial and human resources, the re-engineering of processes of our business, and the attention of many employees who would otherwise be focused on other aspects of our business. Our results of operations could be adversely affected if we experience time delays or cost overruns during the ERP implementation process, or if we are unable to reap the benefits we expect from the ERP system. Any material deficiencies in the design and implementation of the new ERP system could also result in potentially materially higher costs and could adversely affect our ability to operate our business and otherwise negatively affect our financial reporting and the effectiveness of our internal control over financial reporting. Any of these consequences could have a material adverse effect on our results of operations, financial condition and cash flows.

We do not have major sources of recurring revenue, and we depend upon a limited number of customers in any given period to generate a substantial portion of our revenue. The reduction of revenue from our most significant customer over the past several fiscal years has had, and the potential future loss of other significant customers or a major customer would likely have, a materially adverse effect on our results of operations, financial condition and cash flows.

A substantial portion of our revenues are derived from project-based work that is awarded through a competitive bid process. It is generally difficult to predict the timing and success rate of the projects that we bid and will be awarded. In prior fiscal years, one customer represented more than 40% of total revenues, which has not recurred in recent fiscal years. The reduction of revenue from this customer has had a material adverse effect on our results of operations, financial condition and cash flow. While this customer continues to be a substantial source of business for us (24.3% of our fiscal 2025 revenue), we continue to attempt to diversify our customer base and expand our reach to national accounts, ESCOs, the agent driven distribution channel, lighting maintenance customers and the EV market, there is no assurance we will be successful in replacing this reduced revenue. Additionally, even as we progress toward diversifying our customer base, timing of execution on projects with new or additional customers is unpredictable.

Our ability to achieve our desired revenue and profitability goals depends on our ability to effectively and timely execute on our key strategic initiatives.

Our ability to achieve our desired revenue and profitability goals depends on how effectively and timely we execute on our following key strategic initiatives:

- executing and marketing our turnkey LED retrofit capabilities to large national account customers;
- continuing our product innovation;
- leveraging our smart lighting systems to support IoT applications;
- expanding our EV charging business, including increasing cross selling our EV charging solutions to our historical sales channels and customers;
- further developing and maintaining our maintenance service offerings; and
- supporting the success of our ESCO and distribution sales channels.

There can be no assurance that we will be able to successfully implement these initiatives or, even if implemented, that they will result in the anticipated benefits to our business.

If our information technology systems security measures are breached or fail, our products may be perceived as not being secure, customers may curtail or stop buying our products, we may incur significant legal and financial exposure, and our results of operations, financial condition and cash flows could be materially adversely affected.

Our information technology systems involve the storage of our confidential information and trade secrets, as well as our customers' personal and proprietary information in our equipment, networks and corporate systems. Security breaches expose us to a risk of loss of this information, litigation and increased costs for security measures, loss of revenue, damage to our reputation and potential liability. Security breaches or unauthorized access may result in a combination of significant legal and financial exposure, increased remediation and other costs, theft and/or unauthorized use or publication of our trade secrets and other confidential business information, damage to our reputation and a loss of confidence in the security of our products, services and networks that could have an adverse effect upon our business. While we take steps to prevent unauthorized access to our corporate systems, because the techniques used to obtain unauthorized access, disable or sabotage systems change frequently or may be designed to remain dormant until a triggering event, we may be unable to anticipate these techniques or implement adequate preventative measures. Further, the risk of a security breach or disruption, particularly through cyber attacks, or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as cyber attacks have become more prevalent and harder to detect and fight against. In addition, hardware, software or applications we procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise network and data security. Any breach or failure of our information technology systems could result in decreased revenue, increased expenses, increased capital expenditures, customer dissatisfaction and potential lawsuits, any of which could have a material adverse effect on our results of operations, financial condition and cash flows.

We increasingly rely on third-party manufacturers for the manufacture and development of our products and product components.

We have increased our utilization of third-party manufacturers for the manufacture and development of our products and product components, some of which are located overseas. Our results of operations, financial condition and cash flows could be materially adversely affected if our third-party manufacturers were to experience problems with product quality, credit or liquidity issues, or supply chain and logistics that could cause delays in delivery of the finished products and components or the raw materials used to make such products and components.

Legal, Regulatory and Compliance Risks

Government tariffs and other actions may adversely affect our business.

The United States government has, from time to time, implemented various monetary, regulatory, and trade importation restraints, penalties, and tariffs, and as a result of changes to United States and foreign government administrative policy, there may be changes to existing trade agreements, greater restrictions on free trade generally, the imposition of or significant increases in tariffs on goods imported into the United States, and adverse responses by foreign governments to United States trade policies, among other possible changes. The current United States administration is pursuing a wide range of monetary, regulatory and trade policies, including the imposition of significant tariffs on certain imports into the United States. Foreign governments, including the Chinese government, have announced their intent to implement or increase tariffs on imports from the United States in response. Certain sourced finished products and certain of the components used in our products have been impacted by tariffs imposed on imports. Our efforts to mitigate the impact of added costs resulting from these government actions include a variety of activities, such as sourcing from non-tariff impacted countries and raising prices. We intend to implement such changes to try to pass the impact of tariff price increases to our customers, but there can be no assurance our customers will accept such price increases or that such price increases will not reduce or ability to gain new orders. If we are unable to successfully mitigate the impacts of these tariffs and other trade policies, our results of operations may be adversely affected. It remains unclear what the current United States administration or foreign governments will or will not do in the future with respect to tariffs or trade agreements and policies. A trade war, other governmental action related to tariffs or trade agreements, changes in United States social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently purchase, manufacture and sell products, and any resulting negative sentiments towards the United States as a result of such changes, could have a material adverse effect on our results of operations, financial condition and cash flows.

Changes in government budget priorities, including the rollback of EV initiatives, political gridlock, and future potential government shutdown, have negatively impacted, and may in the future continue to negatively impact, our results of operations, financial condition and cash flows.

Our business strategy may rely, in part, on regulatory support for EV adoption, including incentives, mandates, infrastructure investment and emissions regulations and federal funding for EV infrastructure development. However, on January 20, 2025, President Trump signed Executive Order 14154 "Unleashing American Energy", which has had, and may continue to have, direct implications on the policies and regulations that impact the automotive and transportation industries, including the rescission of waivers granted by the EPA for zero emission vehicle regulations. Moreover, federal support for EV adoption generally may be in jeopardy under the current administration, as prior executive orders directing the federal government to transition to an all-electric fleet of cars and trucks have been rescinded. Additionally, the Trump administration temporarily halted significant federal funding for EV infrastructure and successfully ordered the termination of federal subsidy programs for EVs.

Such disruption, reduction or elimination of governmental support for EV adoption, including any future reduction or elimination of federal funding, for EV infrastructure development, could negatively impact demand and payment for our products and services, hinder our growth initiatives and materially affect our results of operations, financial condition and cash flows.

Additionally, future actual and perceived changes in governmental budget priorities, and future potential government shutdowns, could adversely affect our results of operations, financial condition and cash flows. Certain government agencies purchase certain products and services directly from us. When the government changes budget priorities, such as in times of war, financial crisis, or a changed administration, or reallocates spending to areas unrelated to our business, our results of operations, financial condition and cash flows can be negatively impacted. For example, demand and payment for our products and services may be affected by public sector budgetary cycles, funding authorizations or rebates. Continued or additional future funding reductions or delays, including delays caused by political gridlock, and future potential government shutdowns, could negatively impact demand and payment for our products and services. If any of these events occur, our results of operations, financial condition and cash flows could be materially adversely affected.

The reduction or elimination of investments in, or incentives to adopt, LED lighting or the elimination of, or changes in, policies, incentives or rebates in certain states or countries that encourage the use of LEDs over some traditional lighting technologies could cause the growth in demand for our products to slow, which could have a material adverse effect on our results of operations, financial condition and cash flows.

Reductions in (including as a result of any budgetary constraints), or the elimination of, government investment and favorable energy policies designed to accelerate the adoption of LED lighting could result in decreased demand for our products and adversely affect our results of operations, financial condition and cash flows. Further, if our products fail to qualify for any financial incentives or rebates provided by governmental agencies or utilities for which our competitors' products qualify, such programs may diminish or eliminate our ability to compete by offering products at lower prices than ours.

Strategic Risks

We are experiencing ongoing increasing pressures to reduce the average selling price of our products and related negative impact on our gross margins driven largely by the ongoing increase in competition from foreign competitors.

Our financial performance is dependent on our ability to maintain our average selling price of our products**.** The gross margins of our products can vary significantly, with margins ranging from 10% to 50%. While we continue to implement our strategy of emphasizing higher-margin products and services and reducing the material cost of our products, a change in the total mix of our sales toward lower margin products, the continued underutilization of our manufacturing facility and related under absorption of overhead costs, a decrease in the margins on our products as a result of competitive pressures driving down the average selling price of our products, lower sales volumes, and promotional programs to increase sales volumes significantly reduce our profitability and result in a material adverse effect on our results of operations, financial condition and cash flows. Furthermore, the average selling price of our products has been, and is likely to be further, negatively impacted by the impact of increasing foreign competition, the potential impact of tariffs or our component costs, product feature cannibalization by competitors or component providers, low-cost non-traditional sales methods by new market entrants, and comparison of our retrofit fixture products with replacement lamp equivalents. While we have previously implemented general price increases applicable to many new product orders, there is no assurance that such price increases will be accepted by our customers or succeed in increasing the average selling price of our products. In our highly competitive lighting industry, we must be able to innovate and release new products on a regular basis with features and benefits that generate increases in our average selling price and average gross margin. There can be no assurance we will be successful in achieving these goals.

If we are unable to attract, incentivize and retain our third-party distributors, or our distributors do not sell our products and services at the levels expected, our revenues could decline and our costs could increase.

We sell our products through distributors. Many of these distributors are not exclusive, which means that these distributors may sell other third-party products and services in direct competition with us. Since many of our competitors use distributors to sell their products and services, competition for such distributors is intense and may adversely affect our product pricing and gross margins. Additionally, due to mismanagement, industry trends, macro-economic developments, or other reasons, our distributors may be unable to effectively sell our products at the levels desired or anticipated. In addition, we have historically relied on direct sales to sell our products and services, which were often made in competition with sales agents and distributors. In order to attract and form lasting partnerships with sales agents and distributors, we are attempting to overcome our historical perception as a direct sales competitor. As a result, we may have difficulty attracting and retaining sales agents and distributors and any inability to do so could have a negative effect on our ability to attract and obtain customers, which could have an adverse impact on our business.

The success of our LED lighting retrofit solutions depends, in part, on our ability to claim market share away from our competitors. If we are unable to expand our customer base and increase sales in our targeted markets, our results of operations, financial condition and cash flows will likely be materially adversely affected.

Participants in the LED market who are able to quickly establish customer relationships and achieve market penetration are likely to gain a competitive advantage as the lighting retrofit solutions offered by us and our competitors generally have a product life of several years following installation. If we are unable to broaden our customer base and achieve greater market penetration in the LED market in a timely manner, we may lose the opportunity to market our LED products and services to significant portions of the lighting systems retrofit market for several years and may be at a disadvantage in securing future business opportunities from customers that have previously established relationships with one or more of our competitors. These circumstances could have a material adverse effect on our results of operations, financial condition and cash flows.

In addition, as we continue to seek to expand our customer base within our national account, agent and ESCO sales channels, our success will depend, in part, on our ability to attract and retain talent to execute on our sales model. If we are unable to attract and retain sufficient talent, we may be unable to broaden our customer base, which will adversely affect our results of operations, financial condition and cash flows.

General Risk Factors

Adverse conditions in the global economy, including due to changes in diplomatic and trade relationships, have negatively impacted, and could in the future negatively impact, our customers, suppliers and business.

Our operations and financial performance are impacted by worldwide economic conditions. Uncertainty about global economic conditions has contributed to customers postponing purchases of our products and services in response to tighter credit, unemployment, negative financial news and/or declines in income or asset values and other macroeconomic factors. The occurrence of these circumstances will likely have a material negative effect on demand for our products and services and, accordingly, on our results of operations, financial condition and cash flows.

In addition, global economic and political uncertainty has led many customers to adopt strategies for conserving cash, including limits on capital spending. Our lighting systems are often purchased as capital assets and therefore are subject to our customers' capital availability. Uncertainty around such availability and an increasingly volatile economic outlook has led, and may continue to lead, customers to delay their purchase decisions, which has elongated the duration of our sales cycles. Additionally, price increases in raw materials, including steel and aluminum, may impact non-residential new build schedules, and may reduce demand for our products and services. Weak economic conditions in the past have adversely affected our customers' capital budgets, purchasing decisions and facilities managers and, as a result, have adversely affected our results of operations, financial condition and cash flows. The return to a recessionary state of the global economy could potentially have negative effects on our near-term liquidity and capital resources, including slower collections of receivables, delays of existing order deliveries, postponements of incoming orders and reductions in the number and volume of purchase orders received from key customers as a result of reduced capital expenditure budgets. Our business and results of operations will be adversely affected to the extent these adverse economic conditions affect our customers' purchasing decisions.

Our inability to attract and retain key employees, our reseller network members or manufacturer representative agencies could adversely affect our operations and our ability to execute on our operating plan and growth strategy.

We rely upon the knowledge, experience and skills of key employees throughout our organization, particularly our senior management team, our sales group that requires technical knowledge or contacts in, and knowledge of, the LED industry, and our innovation and engineering team. In addition, our ability to attract talented new employees, particularly in our sales group and our innovation and engineering team, is also critical to our success. We also depend on our distribution channels and network of manufacturer sales representative agencies. If we are unable to attract and retain key employees, resellers, and manufacturer sales representative agencies because of competition or, in the case of employees, inadequate compensation or other factors, our results of operations and our ability to execute our operating plan could be adversely affected.

The success of our business depends upon market acceptance of our energy management products and services.

Our future success depends upon the continued market acceptance of our energy management products and services and obtaining additional project management retrofit contracts, as well as customer orders for new and expanded products and services to supplement our contract with our current single largest customer. If we are unable to convince current and potential new customers of the advantages of our lighting systems and energy management products and services, or our expanded product and services offerings, then our results of operations, financial condition and cash flows will likely be materially adversely affected. In addition, because the market for energy management products and services, as well as potential new customer uses for our products and services, is rapidly evolving, we may not be able to accurately assess the size of the market, and we may have limited insight into trends that may emerge and affect our business. If the market for our lighting systems and energy management products and services, as well as potential new customer uses for our products and services, does not continue to develop as we anticipate, or if the market does not accept our products or services, then our ability to grow our business could be limited and we may not be able to increase our revenue and our results of operations, financial condition and cash flows will likely be materially adversely affected.

Macroeconomic pressures in the markets in which we operate or anticipate operating in the future may adversely affect our financial results.

Geopolitical issues around the world can impact macroeconomic conditions in where we operate and where we anticipate operating in the future and could have a material adverse impact on our financial results. For example, the ultimate impact of the conflicts in Ukraine and the Middle East on fuel prices, inflation, the global supply chain and other macroeconomic conditions is unknown and could materially adversely affect global economic growth, disrupting discretionary spending habits and generally decreasing demand for our products and services. While we do not purchase any of our significant raw materials directly from Russia or Israel, disruption in the markets resulting from such conflicts could negatively impact the macroeconomy. The conflicts in Ukraine and the Middle East may also continue to exacerbate geopolitical tensions globally.

We operate in a highly competitive industry and, if we are unable to compete successfully, our results of operations, financial condition and cash flows will likely be materially adversely affected.

We face strong competition, primarily from manufacturers and distributors of energy management products and services, as well as from ESCOs and electrical contractors. We are also facing increased competition from manufacturers in low-cost countries as the lighting market rapidly moves away from domestically made products toward sourced products at lower price points. We compete primarily on the basis of customer relationships, price, quality, energy efficiency, customer service and marketing support. Our products are in direct competition with the expanding availability of LED products, as well as other technologies in the lighting systems retrofit market.

Many of our competitors are better capitalized than we are and have strong customer relationships, greater name recognition, and more extensive engineering, manufacturing, sales and marketing capabilities. In addition, the LED market has seen increased convergence in recent years, resulting in our competition gaining increased market share and resources. Competitors could focus their substantial resources on developing a competing business model or energy management products or services that may be potentially more attractive to customers than our products or services. In addition, we may face competition from other products or technologies that reduce demand for electricity. Our competitors have, and may continue to, offer energy management products and services at reduced prices in order to improve their competitive positions. These competitive factors have, and may continue to, make it more difficult for us to attract and retain customers, or require us to lower our average selling prices in order to remain competitive, any of which could have a material adverse effect on our results of operations, financial condition and cash flows.

If we fail to establish and maintain effective internal controls over financial reporting, our business and financial results could be harmed.

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our consolidated financial statements or fraud. A failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and in a timely manner or to detect and prevent fraud, could result in a restatement of our consolidated financial statements, and could also cause a loss of investor confidence and decline in the market price of our Common Stock.

Our retrofitting process frequently involves responsibility for the removal and disposal of components containing hazardous materials.

When we retrofit a customer's facility, we typically assume responsibility for removing and disposing of its existing lighting fixtures. Certain components of these fixtures typically contain trace amounts of mercury and other hazardous materials. Older components may also contain trace amounts of polychlorinated biphenyls, or PCBs. We currently rely on contractors to remove the components containing such hazardous materials at the customer job site. The contractors then arrange for the disposal of such components at a licensed disposal facility. Failure by such contractors to remove or dispose of the components containing these hazardous materials in a safe, effective and lawful manner could give rise to liability for us, or could expose our workers or other persons to these hazardous materials, which could result in claims against us which may have a material adverse effect on our results of operations, financial condition and cash flows.

Product liability claims could adversely affect our business, results of operations and financial condition.

We face exposure to product liability claims in the event that our energy management products fail to perform as expected or cause bodily injury or property damage. Since virtually all of our products use electricity, it is possible that our products could result in injury, whether by product malfunctions, defects, improper installation or other causes. Particularly because our products often incorporate new technologies or designs, we cannot predict whether or not product liability claims will be brought against us in the future or result in negative publicity about our business or adversely affect our customer relations. Moreover, we may not have adequate resources in the event of a successful claim against us. A successful product liability claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages and could materially adversely affect our results of operations, financial condition and cash flows.

Our inability to protect our intellectual property, or our involvement in damaging and disruptive intellectual property litigation, could adversely affect our results of operations, financial condition and cash flows or result in the loss of use of the related product or service.

We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as employee and third-party nondisclosure and assignment agreements. Our failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our results of operations, financial condition and cash flows.

We own United States patents and patent applications for some of our products, systems, business methods and technologies. We offer no assurance about the degree of protection which existing or future patents may afford us. Likewise, we offer no assurance that our patent applications will result in issued patents, that our patents will be upheld if challenged, that competitors will not develop similar or superior business methods or products outside the protection of our patents, that competitors will not infringe upon our patents, or that we will have adequate resources to enforce our patents. Effective protection of our United States patents may be unavailable or limited in jurisdictions outside the United States, as the intellectual property laws of foreign countries sometimes offer less protection or have onerous filing requirements. In addition, because some patent applications are maintained in secrecy for a period of time, we could adopt a technology without knowledge of a pending patent application, and such technology could infringe a third party's patent.

We also rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise learn of our unpatented technology. To protect our trade secrets and other proprietary information, we generally require employees, consultants, advisors and collaborators to enter into confidentiality agreements. We cannot assure you that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information. If we are unable to maintain the proprietary nature of our technologies, our business could be materially adversely affected.

We rely on our trademarks, trade names, and brand names to distinguish our company and our products and services from our competitors. Some of our trademarks may conflict with trademarks of other companies. Failure to obtain trademark registrations could limit our ability to protect our trademarks and impede our sales and marketing efforts. Further, we cannot assure you that competitors will not infringe our trademarks, or that we will have adequate resources to enforce our trademarks.

In addition, third parties have brought, and may bring future, infringement and other claims that could be time-consuming and expensive to defend. Also, parties making infringement and other claims against us may be able to obtain injunctive or other equitable relief that could effectively block our ability to provide our products, services or business methods and could cause us to pay substantial damages. In the event of a successful claim of infringement against us, we may need to obtain one or more licenses from third parties, which may not be available at a reasonable cost, or at all. It is possible that our intellectual property rights may not be valid or that we may infringe upon existing or future proprietary rights of others. Any successful infringement claims could subject us to significant liabilities, require us to seek licenses on unfavorable terms, prevent us from manufacturing or selling products, services and business methods and require us to redesign or, in the case of trademark claims, re-brand our company or products, any of which could have a material adverse effect on our results of operations, financial condition and cash flows.

The cost of compliance with environmental laws and regulations and any related environmental liabilities could adversely affect our results of operations, financial condition and cash flows.

Our operations are subject to federal, state and local laws and regulations governing, among other things, emissions to air, discharge to water, the remediation of contaminated properties and the generation, handling, storage, transportation, treatment and disposal of, and exposure to, waste and other materials, as well as laws and regulations relating to occupational health and safety. These laws and regulations frequently change, and the violation of these laws or regulations can lead to substantial fines, penalties and other liabilities. The operation of our manufacturing facility entails risks in these areas and there can be no assurance that we will not incur material costs or liabilities in the future that could adversely affect our results of operations, financial condition and cash flows.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended December 31, 2025, none of our directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement," or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

(a) Exhibits

3.1	Articles of Amendment to Amended and Restated Articles of Incorporation of Orion Energy Systems, Inc., effective August 22, 2025, filed as Exhibit 3.1 to Registrant's Current Report on Form 8-K filed on August 19, 2025, is hereby incorporated by reference.
10.1	Term Sheet, dated June 23, 2025, by an between Orion Energy Systems, Inc., Final Frontier, LLC and Kathleen Connors, filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on October 3, 2025, is hereby incorporated by reference.
10.2	Option Award Agreement, dated as of July 18, 2025, by and between Orion Energy Systems, Inc. and Sally A. Washlow (incorporated by reference to Appendix B to the Registrant's Definitive Proxy Statement on Schedule 14A, as filed with the Commission on July 7, 2025).
31.1	Certification of Chief Executive Officer of Orion Energy Systems, Inc. pursuant to Rule 13a-14(a) or Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.+
31.2	Certification of Chief Financial Officer of Orion Energy Systems, Inc. pursuant to Rule 13a-14(a) or Rule 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.+
32.1	Certification of Chief Executive Officer of Orion Energy Systems, Inc. pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+
32.2	Certification of Chief Financial Officer of Orion Energy Systems, Inc. pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+
101.INS	Inline XBRL Instance Document+
101.SCH	Inline XBRL Taxonomy extension schema document+
101.CAL	Inline XBRL Taxonomy extension calculation linkbase document+
101.DEF	Inline XBRL Taxonomy extension definition linkbase document+
101.LAB	Inline XBRL Taxonomy extension label linkbase document+
101.PRE	Inline XBRL Taxonomy extension presentation linkbase document+
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2025, has been formatted in Inline XBRL and is contained in Exhibit 101.

+ Filed herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 5, 2026.

ORION ENERGY SYSTEMS, INC.

By /s/ J. Per Brodin

J. Per Brodin

Chief Financial Officer

(Principal Financial Officer and Authorized Signatory)

Exhibit 31.1

Certification

I, Sally A. Washlow, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Orion Energy Systems, 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 necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the 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 (as defined in 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) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within 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 designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for 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 conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably 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 reporting, to the 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 reporting which are 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 registrant's internal control over financial reporting.

Date: February 5, 2026

/s/ Sally A. Washlow
Sally A. Washlow
Chief Executive Officer

Certification

I, J. Per Brodin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Orion Energy Systems, 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 necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the 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 (as defined in 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) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within 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 designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for 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 conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably 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 reporting, to the 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 reporting which are 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 registrant's internal control over financial reporting.

Date: February 5, 2026

/s/ J. Per Brodin
J. Per Brodin
Chief Financial Officer

Exhibit 32.1

Certification of CEO 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 Quarterly Report of Orion Energy Systems, Inc., a Wisconsin corporation (the “Company”), on Form 10-Q for the period ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sally A. Washlow, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

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 operations of the Company.

Date: February 5, 2026

/s/ Sally A. Washlow

Sally A. Washlow
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of CFO 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 Quarterly Report of Orion Energy Systems, Inc., a Wisconsin corporation (the “Company”), on Form 10-Q for the period ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, J. Per Brodin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

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 operations of the Company.

Date: February 5, 2026

/s/ J. Per Brodin

J. Per Brodin
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.