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 September 30, 2024

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 32,906,731 shares of the Registrant's common stock outstanding on November 5, 2024.

ORION ENERGY SYSTEMS, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2024

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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)

	September 30, 2024	March 31, 2024
Assets		
Cash and cash equivalents	$ 5,369	$ 5,155
Accounts receivable, net	11,709	14,022
Revenue earned but not billed	5,918	4,539
Inventories	15,026	18,246
Prepaid expenses and other current assets	1,947	2,860
Total current assets	39,969	44,822
Property and equipment, net	8,662	9,593
Goodwill	1,484	1,484
Other intangible assets, net	3,973	4,462
Other long-term assets	2,184	2,808
Total assets	$ 56,272	$ 63,169
Liabilities and Shareholders' Equity		
Accounts payable	$ 14,450	$ 18,350
Accrued expenses and other	11,707	9,440
Deferred revenue, current	359	260
Current maturities of long-term debt	352	3
Total current liabilities	26,868	28,053
Revolving credit facility	9,000	10,000
Long-term debt, less current maturities	3,173	—
Deferred revenue, long-term	375	413
Other long-term liabilities	1,053	2,161
Total liabilities	40,469	40,627
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $0.01 par value: Shares authorized: 30,000,000 at September 30, 2024 and March 31, 2024; no shares issued and outstanding at September 30, 2024 and March 31, 2024	—	—
Common stock, no par value: Shares authorized: 200,000,000 at September 30, 2024 and March 31, 2024; shares issued: 42,375,801 at September 30, 2024 and 42,038,967 at March 31, 2024; shares outstanding: 32,905,731 at September 30, 2024 and 32,567,746 at March 31, 2024	—	—
Additional paid-in capital	162,511	161,869
Treasury stock, common shares: 9,470,070 at September 30, 2024 and 9,471,221 at March 31, 2024	(36,233)	(36,235)
Retained deficit	(110,475)	(103,092)
Total shareholders' equity	15,803	22,542
Total liabilities and shareholders' equity	$ 56,272	$ 63,169

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

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Product revenue	$ 12,367	$ 15,588	$ 25,134	$ 29,259
Service revenue	6,994	4,998	14,133	8,940
Total revenue	19,361	20,586	39,267	38,199
Cost of product revenue	8,888	10,897	17,429	20,956
Cost of service revenue	6,001	5,120	13,067	9,503
Total cost of revenue	14,889	16,017	30,496	30,459
Gross profit	4,472	4,569	8,771	7,740
Operating expenses:				
General and administrative	4,568	5,040	9,098	10,779
Acquisition related costs	—	3	—	56
Sales and marketing	2,848	3,312	5,785	6,608
Research and development	328	382	592	862
Total operating expenses	7,744	8,737	15,475	18,305
Loss from operations	(3,272)	(4,168)	(6,704)	(10,565)
Other income (expense):				
Other income	—	12	—	12
Interest expense	(283)	(192)	(545)	(368)
Amortization of debt issue costs	(48)	(25)	(106)	(49)
Royalty income	1	—	16	2
Interest income	—	—	—	—
Total other expense	(330)	(205)	(635)	(403)
Loss before income tax	(3,602)	(4,373)	(7,339)	(10,968)
Income tax expense	23	15	44	57
Net loss	$ (3,625)	$ (4,388)	$ (7,383)	$ (11,025)
Basic net loss per share attributable to common shareholders	$ (0.11)	$ (0.14)	$ (0.23)	$ (0.34)
Weighted-average common shares outstanding	32,825,477	32,502,566	32,718,628	32,424,623
Diluted net loss per share	$ (0.11)	$ (0.14)	$ (0.23)	$ (0.34)
Weighted-average common shares and share equivalents outstanding	32,825,477	32,502,566	32,718,628	32,424,623

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

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	Retained Deficit	Total Shareholders' Equity
Balance, March 31, 2024	32,567,746	$ 161,869	$ (36,235)	$ (103,092)	$ 22,542
Shares issued under Employee Stock Purchase Plan	459	—	1	—	1
Stock-based compensation	175,204	294	—	—	294
Net loss	—	—	—	(3,758)	(3,758)
Balance, June 30, 2024	32,743,409	$ 162,163	$ (36,234)	$ (106,850)	$ 19,079
Shares issued under Employee Stock Purchase Plan	692	—	1	—	1
Stock-based compensation	161,630	348	—	—	348
Net loss	—	—	—	(3,625)	(3,625)
Balance, September 30, 2024	32,905,731	$ 162,511	$ (36,233)	$ (110,475)	$ 15,803

	Shareholders' Equity				
	Common Stock				
	Shares	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Total Shareholders' Equity
Balance, March 31, 2023	32,295,408	$ 160,907	$ (36,237)	$ (91,421)	$ 33,249
Shares issued under Employee Stock Purchase Plan	699	—	1	—	1
Stock-based compensation	206,451	188	—	—	188
Net loss	—	—	—	(6,637)	(6,637)
Balance, June 30, 2023	32,502,558	$ 161,095	$ (36,236)	$ (98,058)	$ 26,801
Shares issued under Employee Stock Purchase Plan	762	—	1	—	1
Stock-based compensation	—	226	—	—	226
Net income	—	—	—	(4,388)	(4,388)
Balance, September 30, 2023	32,503,320	$ 161,321	$ (36,235)	$ (102,446)	$ 22,640

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

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

	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023
Operating activities		
Net loss	$ (7,383)	$ (11,025)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	681	707
Amortization of intangible assets	495	540
Stock-based compensation	642	414
Amortization of debt issue costs	106	49
Loss on sale of property and equipment	91	45
Provision for inventory reserves	86	283
Provision for credit losses	55	190
Other	195	(1)
Changes in operating assets and liabilities:		
Accounts receivable	2,259	(2,579)
Revenue earned but not billed	(1,379)	(507)
Inventories	2,936	(2,238)
Prepaid expenses and other assets	1,431	(2,058)
Accounts payable	(3,900)	2,154
Accrued expenses and other	1,158	1,365
Deferred revenue, current and long-term	63	1,346
Net cash used in operating activities	(2,464)	(11,315)
Investing activities		
Purchases of property and equipment	(29)	(747)
Proceeds from sale of property, plant and equipment	189	100
Additions to patents and licenses	(5)	—
Net cash provided by (used in) investing activities	155	(647)
Financing activities		
Payment of long-term debt	(3)	(7)
Proceeds from long-term debt	3,525	—
Payments of revolving credit facility	(1,000)	—
Proceeds from employee equity exercises	1	2
Net cash provided by (used in) financing activities	2,523	(5)
Net increase (decrease) in cash and cash equivalents	214	(11,967)
Cash and cash equivalents at beginning of period	5,155	15,992
Cash and cash equivalents at end of period	$ 5,369	$ 4,025
Supplemental disclosure of non-cash investing and financing activities:		
Operating lease assets obtained in exchange for new operating lease liabilities	$ —	$ 363

The accompanying notes are an integral part of these Condensed Consolidated 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. Additionally, Orion had a lease in Pewaukee, Wisconsin that ended in August of the current fiscal year.

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 significant 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, 2025 or other interim periods.

The Condensed Consolidated Balance Sheet as of March 31, 2024 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, 2024 filed with the SEC on June 12, 2024.

Allowance for Credit Losses

Orion performs ongoing evaluations of its customers and continuously monitors collections and payments. Orion estimates an allowance for credit losses based upon the historical collectability based on past due status and makes judgments about the creditworthiness of customers based on ongoing credit evaluations. We also consider customer-specific information, current market conditions, and reasonable and supportable forecasts of future economic conditions.

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 significant management estimates include revenue recognition, net realizable value of inventory, allowance for credit losses, accruals for warranty and loss contingencies, earn-out, 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 six months ended September 30, 2024 and 2023, no suppliers accounted for more than 10% of total cost of revenue.

For the three months ended September 30, 2024, two customers accounted for 25.0% and 12.5% of total revenue, respectively. For the six months ended September 30, 2024, two customers accounted for 23.0% and 10.4% of total revenue, respectively. For the three months ended September 30, 2023, two customers accounted for 18.2% and 10.7% of total revenue, respectively. For the six months ended September 30, 2023, two customers accounted for 19.3% and 10.8% of total revenue, respectively.

As of September 30, 2024, one customer accounted for 21.7% and one customer accounted for 17.9% of accounts receivable. As of March 31, 2024, two customers accounted for 17.3% and 11.7% of accounts receivable, respectively.

Recent Accounting Pronouncements

Issued: Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which modifies the disclosure and presentation requirements of reportable segments. The amendments in the update require the disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (the "CODM") and included within each reported measure of segment profit and loss. The amendments also require disclosure of all other segment items by reportable segment and a description of its composition. Additionally, the amendments require disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. This update is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. 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 manufactured or sourced commercial lighting fixtures and components, sourced electric vehicle chargers and related products, installing these products in customer’s facilities, and providing maintenance services including repairs and replacements for the lighting and related electrical components. Orion recognizes revenue in accordance with the guidance in “Revenue from Contracts with Customers” (Topic 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 Orion expects to receive in exchange for those goods or services.

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 Statement 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 Statement of Operations.

The following tables provide detail of Orion's total revenue for the three and six months ended September 30, 2024 and September 30, 2023 (dollars in thousands):

	Three Months Ended September 30, 2024			Six Months Ended September 30, 2024		
	Product	Services	Total	Product	Services	Total
Revenue from contracts with customers:						
Lighting product and installation	$ 9,301	$ 1,297	$ 10,598	$ 19,345	$ 3,971	$ 23,316
Maintenance services	1,123	2,674	3,797	2,123	4,997	7,120
Electric vehicle charging	1,702	3,023	4,725	3,391	5,165	8,556
Solar energy related revenues	2	—	2	17	—	17
Total revenues from contracts with customers	12,128	6,994	19,122	24,876	14,133	39,009
Revenue accounted for under other guidance	239	—	239	258	—	258
Total revenue	$ 12,367	$ 6,994	$ 19,361	$ 25,134	$ 14,133	$ 39,267

	Three Months Ended September 30, 2023			Six Months Ended September 30, 2023		
	Product	Services	Total	Product	Services	Total
Revenue from contracts with customers:						
Lighting product and installation	$ 11,928	$ 1,614	$ 13,542	$ 23,713	$ 2,445	$ 26,158
Maintenance services	876	2,757	3,633	1,775	5,612	7,387
Electric vehicle charging	2,752	627	3,379	3,734	883	4,617
Solar energy related revenues	13	—	13	13	—	13
Total revenues from contracts with customers	15,569	4,998	20,567	29,235	8,940	38,175
Revenue accounted for under other guidance	19	—	19	24	—	24
Total revenue	$ 15,588	$ 4,998	$ 20,586	$ 29,259	$ 8,940	$ 38,199

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 $0.6 million for the three and six months ended September 30, 2024. Orion's losses on these sales were $18 thousand for the three and six months ended September 30, 2024, and are included in Interest expense in the Condensed Consolidated Statement of Operations. There was no activity during the three and six months ended September 30, 2023.

The following chart shows the balance of Orion's receivables arising from contracts with customers, contract assets and contract liabilities as of September 30, 2024 and March 31, 2024 (dollars in thousands):

	September 30, 2024	March 31, 2024
Accounts receivable, net	$ 11,709	$ 14,022
Revenue earned but not billed (1)	$ 5,709	$ 4,539
Deferred revenue (2)	$ 241	$ 124

(1) $0.2 million of our revenue earned but not billed is accounted for as a sales type lease under ASC 842, 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 PPAs. 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 which are partially offset by reclassifications to accounts receivable, net upon billing. Deferred revenue, current as of September 30, 2024 and March 31, 2024, includes $0.2 million and $0.1 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 $0.1 million outstanding as of March 31, 2024, $0.1 million has been recognized as revenue.

NOTE 4 — ACCOUNTS RECEIVABLE

As of September 30, 2024 and March 31, 2024, Orion's accounts receivable and allowance for credit losses balances were as follows (dollars in thousands):

	September 30, 2024	March 31, 2024
Accounts receivable, gross	$ 11,775	$ 14,094
Allowance for credit losses	(66)	(72)
Accounts receivable, net	$ 11,709	$ 14,022

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

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Beginning of period	$ (107)	$ (272)	$ (72)	$ (86)
Credit loss expense	(15)	—	(55)	(190)
Write-off	56	—	61	4
End of period	$ (66)	$ (272)	$ (66)	$ (272)

NOTE 5 — INVENTORIES

As of September 30, 2024 and March 31, 2024, Orion's inventory balances were as follows (dollars in thousands):

	Inventories
As of September 30, 2024	
Raw materials and components	$ 5,597
Work in process	360
Finished goods	9,069
Total	$ 15,026
As of March 31, 2024	
Raw materials and components	$ 7,219
Work in process	267
Finished goods	10,760
Total	$ 18,246

NOTE 6 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist primarily of prepaid insurance premiums, debt issue costs, prepaid subscription fees and value added tax receivable. Prepaid expenses totaled $1.6 million and $1.3 million as of September 30, 2024 and March 31, 2024, respectively.

Other current assets as of September 30, 2024 and March 31, 2024 consists primarily of $0.3 million and $1.6 million, respectively, of prepaid software and services.

NOTE 7 — PROPERTY AND EQUIPMENT

As of September 30, 2024 and March 31, 2024, property and equipment, net, included the following (dollars in thousands):

	September 30, 2024	March 31, 2024
Land and land improvements	$ 433	$ 433
Buildings and building improvements	9,530	9,504
Furniture, fixtures and office equipment	7,879	7,941
Leasehold improvements	493	540
Equipment leased to customers	4,997	4,997
Plant equipment	11,001	11,142
Vehicles	534	959
Gross property and equipment	34,867	35,516
Less: accumulated depreciation	(26,205)	(25,923)
Total property and equipment, net	$ 8,662	$ 9,593

NOTE 8 — LEASES

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

Orion accounts for leases in accordance with Accounting Standards Codification ("ASC") 842. Under ASC 842, both finance and operating lease 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	September 30, 2024	March 31, 2024
Assets			
Operating lease assets	Other long-term assets	$ 1,165	$ 1,770
Liabilities			
Current liabilities			
Operating lease liabilities	Accrued expenses and other	$ 946	$ 990
Non-current liabilities			
Operating lease liabilities	Other long-term liabilities	478	1,121
Total lease liabilities		$ 1,424	$ 2,111

Orion had operating lease costs of $0.3 million and $0.7 million for the three and six months ended September 30, 2024, respectively. Orion had operating lease costs of $0.7 million and $1.1 million for the three and six months ended September 30, 2023, 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 2025 (period remaining)	$ 498
Fiscal 2026	889
Fiscal 2027	106
Thereafter	—
Total lease payments	$ 1,493
Less: Interest	(69)
Present value of lease liabilities	$ 1,424

Assets Orion Leases to Other Parties

Orion provides long-term financing to one customer who frequently 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 Consolidated Statement 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 September 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Product revenue	$ 209	$ —	$ 209	$ —
Cost of product revenue	$ 195	$ —	$ 195	$ —

NOTE 9 — GOODWILL AND OTHER INTANGIBLE ASSETS

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

Orion had $0.6 million of goodwill related to its purchase of Stay-Light Lighting during fiscal year 2022, which has an indefinite life, and is assigned to the Maintenance operating segment.

As of September 30, 2024 and March 31, 2024, the components of, and changes in, the carrying amount of other intangible assets, net, were as follows (dollars in thousands):

	September 30, 2024				March 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Useful Life	Gross Carrying Amount	Accumulated Amortization	Net
Amortized Intangible Assets							
Patents	$ 2,526	$ (2,075)	$ 451	8.0	$ 2,521	$ (2,029)	$ 492
Licenses	58	(58)	—	—	58	(58)	—
Trade name and trademarks	300	(119)	181	3.0	300	(90)	210
Customer relationships	5,000	(4,529)	471	1.0	5,000	(4,296)	704
Vendor relationships	2,600	(740)	1,860	5.0	2,600	(554)	2,046
Developed technology	900	(900)	—	—	900	(900)	—
Total Amortized Intangible Assets	$ 11,384	$ (8,421)	$ 2,963	4.7	$ 11,379	$ (7,927)	$ 3,452
Indefinite-lived Intangible Assets							
Trade name and trademarks	$ 1,010	$ —	$ 1,010		$ 1,010	$ —	$ 1,010
Total Non-Amortized Intangible Assets	$ 1,010	$ —	$ 1,010		$ 1,010	$ —	$ 1,010

Amortization expense on intangible assets was $0.2 million and $0.5 million for the three and six months ended September 30, 2024 and 2023, respectively.

The estimated amortization expense for the remainder of fiscal 2024, the next five fiscal years and beyond is shown below (dollars in thousands):

Fiscal 2025 (period remaining)	$ 494
Fiscal 2026	752
Fiscal 2027	501
Fiscal 2028	455
Fiscal 2029	408
Thereafter	353
Total	$ 2,963

NOTE 10 — ACCRUED EXPENSES AND OTHER

As of September 30, 2024 and March 31, 2024, accrued expenses and other included the following (dollars in thousands):

	September 30, 2024	March 31, 2024
Accrued acquisition earn-out	$ 2,305	$ 875
Other accruals	1,992	1,854
Compensation and benefits	2,166	2,255
Credits due to customers	1,560	1,167
Accrued project costs	2,801	2,366
Warranty	506	552
Sales returns reserve	156	106
Sales tax	195	219
Legal and professional fees	26	46
Total	$ 11,707	$ 9,440

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 September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Beginning of period	$ 728	$ 654	$ 725	$ 646
Accruals	63	81	171	145
Warranty claims (net of vendor reimbursements)	(99)	(60)	(204)	(116)
End of period	$ 692	$ 675	$ 692	$ 675

Effective on October 5, 2022, Orion acquired all the membership interests of Voltrek, an electric vehicle charging station solutions provider (the "Voltrek Acquisition"). The Voltrek Acquisition agreement provided that, depending upon the relative EBITDA growth of Voltrek's business in fiscal 2023, 2024 and 2025, Orion could pay up to an additional $3.0 million, $3.5 million and $7.15 million, respectively, in earn-out payments. These compensatory payments do not fall within the scope of ASC 805, Business Combinations, and has been, and will be, expensed over the course of the earn-out periods to the extent they are earned. As of September 30, 2024, Orion recorded $2.3 million to accrued expenses for the fiscal 2024, fiscal 2025, and the cumulative earn-out opportunity, which is recorded in accrued expenses and other.

NOTE 11 — NET LOSS PER COMMON SHARE

Basic net loss per common share is computed by dividing net 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 loss per common share reflects the dilution that would occur if restricted shares were vested. In the computation of diluted net loss per common share, Orion uses the treasury stock method for outstanding options and restricted shares. For the three and six months ended September 30, 2024 and 2023, Orion was in a net loss position; therefore, the Basic and Diluted weighted-average shares outstanding are equal because any increase to the basic shares would be anti-dilutive. Net loss per common share is calculated based upon the following shares:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net loss (in thousands)	$ (3,625)	$ (4,388)	$ (7,383)	$ (11,025)
Denominator:				
Weighted-average common shares outstanding	32,825,477	32,502,566	32,718,628	32,424,623
Weighted-average common shares and common share equivalents outstanding	32,825,477	32,502,566	32,718,628	32,424,623
Net loss per common share:				
Basic	$ (0.11)	$ (0.14)	$ (0.23)	$ (0.34)
Diluted	$ (0.11)	$ (0.14)	$ (0.23)	$ (0.34)

The following table indicates the number of potentially dilutive securities excluded from the calculation of Diluted net loss per common share because their inclusion would have been anti-dilutive. The number of shares is as of the end of each period:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Time-Based Restricted shares	1,363,592	933,808	1,363,592	933,808
Performance-Based Restricted shares	1,529,936	708,377	1,529,936	708,377
Total	2,893,528	1,642,185	2,893,528	1,642,185

NOTE 12 — LONG-TERM DEBT

Long-term debt, including the revolving credit facility, consisted of the following (dollars in thousands):

	September 30, 2024	March 31, 2024
Revolving credit facility	$ 9,000	$ 10,000
Term Loan	3,525	—
Equipment debt obligations	—	3
Total long-term debt	12,525	10,003
Less current maturities	(352)	(3)
Long-term debt, less current maturities	$ 12,173	$ 10,000

Revolving Credit Agreement

On December 29, 2020, Orion entered into a $25 million Loan and Security Agreement with Bank of America, N.A., as lender (the "Credit Agreement").

The Credit Agreement provides for a five-year $25.0 million revolving credit facility (the "Credit Facility") that matures on December 29, 2025. Borrowings under the Credit Facility are subject to a borrowing base requirement based on eligible receivables, inventory and cash. As of September 30, 2024, the borrowing base of the Credit Facility supported approximately $16.7 million of availability, with $7.7 million of remaining availability net of $9.0 million borrowed.

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

Effective April 22, 2024, the Company, with Bank of America, N.A. 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 loan facility to the Credit Agreement secured by the Company'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 the Company's borrowing base calculation for the purpose of establishing the Company's monthly borrowing availability under the Credit Agreement. Quarterly installments of $88,125 are due on the first day of each fiscal quarter beginning October 1, 2024.

Remaining principal payments on long-term debt are $0.2 million and $3.3 million in fiscal 2025 and fiscal 2026, respectively. An additional $9.0 million is due in fiscal 2026, which is related to the Credit Facility.

As discussed in Note 19 - Subsequent Events, the maturity date of the Credit Facility was extended from December 29, 2025 to June 30, 2027.

As of September 30, 2024, Orion was in compliance with all debt covenants.

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 income (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 September 30, 2024 and 2023, Orion recorded income tax expense of $23 thousand and $15 thousand, respectively, using this methodology. For the six months ended September 30, 2024 and 2023, Orion recorded income tax expense of $44 thousand and $57 thousand, respectively, using this methodology.

As of September 30, 2024 and March 31, 2024, 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.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. 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 more or less of its deferred tax assets are able to be realized, an adjustment to the valuation allowance would be reflected in the company's provision for income taxes.

Uncertain Tax Positions

As of September 30, 2024, Orion's balance of gross unrecognized tax benefits was approximately $0.2 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 balance sheet 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

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 September 30, 2024, Orion issued 692 shares under the ESPP plan at a closing market price of $0.86. In the three months ended September 30, 2023, Orion issued 762 shares under the ESPP plan at a closing market price of $1.26.

Sale of shares

In March 2023, Orion filed a universal 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. 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.

In March 2021, Orion entered into an At Market Issuance Sales Agreement to undertake an "at the market" (ATM) public equity capital raising program pursuant to which Orion may offer and sell shares of common stock from time to time, having an aggregate offering price of up to $50 million. No share sales have been exercised pursuant to the ATM program through September 30, 2024.

NOTE 16 — 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 3,500,000 shares to 6,000,000 shares (an increase of 2,500,000 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.

Prior to the 2016 Omnibus Incentive Plan, Orion maintained its 2004 Stock and Incentive Awards Plan, as amended, which authorized the grant of cash and equity awards to employees (the "2004 Plan"). No new awards are being granted under the 2004 Plan; however, all awards granted under the 2004 Plan that are outstanding will continue to be governed by the 2004 Plan. Forfeited awards originally issued under the 2004 Plan are canceled and are not available for subsequent issuance under the 2004 Plan or under the Amended 2016 Plan. The Amended 2016 Plan and the 2004 Plan also permit 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.

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

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Cost of product revenue	$ 2	$ 2	$ 4	$ 3
General and administrative	336	218	618	400
Sales and marketing	8	4	15	8
Research and development	2	2	5	3
Total	$ 348	$ 226	$ 642	$ 414

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, 2024	1,014,104	$ 1.87	708,377	$ 1.66
Shares issued	685,322	$ 1.09	821,559	$ 1.09
Shares vested	(335,834)	$ 2.30	—	—
Shares outstanding at September 30, 2024	1,363,592	$ 1.37	1,529,936	$ 1.35
Per share price on grant date	$1.09		$1.09	

As of September 30, 2024, the amount of deferred stock-based compensation expense to be recognized, over a remaining period of 2.7 years, was approximately $1.6 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 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.

Electric Vehicle Charging Segment

The Electric Vehicle Charging 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 (dollars in thousands).

	Revenues For the Three Months Ended September 30,		Operating Loss For the Three Months Ended September 30,		Total Assets	
	2024	2023	2024	2023	September 30, 2024	March 31, 2024
Segments:						
Lighting Segment	$ 10,840	$ 13,573	$ (1,281)	$ (1,962)	$ 21,712	$ 25,911
Maintenance Segment	3,796	3,634	(352)	(1,760)	5,309	8,827
Electric Vehicle Charging Segment	4,725	3,379	(604)	(1,029)	14,190	15,291
Corporate and Other	—	—	(1,035)	583	15,061	13,140
	$ 19,361	$ 20,586	$ (3,272)	$ (4,168)	$ 56,272	$ 63,169

	Revenues For the Six Months Ended September 30,		Operating Income (Loss) For the Six Months Ended September 30,	
	2024	2023	2024	2023
Segments:				
Lighting Segment	$ 23,591	$ 26,194	$ (2,487)	$ (2,728)
Maintenance Segment	7,120	7,388	(1,328)	(3,600)
Electric Vehicle Charging Segment	8,556	4,617	(835)	(2,963)
Corporate and Other	—	—	(2,054)	(1,274)
	$ 39,267	$ 38,199	$ (6,704)	$ (10,565)

NOTE 18 — RESTRUCTURING EXPENSE

As part of Orion's response to declining financial results, Orion entered into separation agreements with multiple employees during the fourth quarter of fiscal 2024, which ended in the second quarter of fiscal 2025. 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 six months ended September 30, 2024 and 2023 is reflected within its consolidated statement of operations as follows (dollars in thousands):

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Cost of product revenue	$ —	$ —	$ 197	$ —
Cost of service revenue	149	—	149	—
General and administrative	173	—	368	—
	$ 322	$ —	$ 714	$ —

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

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Segments:				
Maintenance	$ 313	$ —	$ 699	$ —
Corporate and Other	9	—	15	—
	$ 322	$ —	$ 714	$ —

NOTE 19 — Subsequent Events

Effective October 11, 2024, Stay-Lite Lighting, Inc. was dissolved with all of its assets and liabilities being assigned to Orion Energy Systems, Inc.

On October, 30, 2024, the Company, with Bank of America, N.A. 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.

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, 2024.

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, 2024. 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, commercial and industrial electric vehicle ("EV") charging infrastructure solutions, and lighting and electrical maintenance services. We help our customers achieve their sustainability, energy savings and carbon footprint reduction goals through innovative technology and exceptional service. We sell our products and services into many vertical markets within the broader commercial and industrial market segment. Primary verticals include: big box retail, manufacturing, warehousing/logistics, commercial office, federal and municipal government, healthcare and schools. Our services consist of turnkey installation (lighting and EV) and system maintenance. Virtually all of our sales occur within North America or for the US Department of Defense's military bases operating in foreign countries.

Our lighting products consist primarily of LED lighting fixtures, many of which include sourced IoT enabled control systems. Our principal lighting customers include large national account end-users, federal and state government facilities, large regional account end-users, electrical distributors, electrical contractors and energy service companies ("ESCOs"). Currently, most of our 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 and commissioning. 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 Lighting on January 1, 2022, which was intended to further expand our maintenance services capabilities. We subsequently dissolved the Stay-Lite business and merged the net assets into Orion effective October 1, 2024. On October 5, 2022, we acquired Voltrek, which was intended to leverage our project management and maintenance expertise into the rapidly growing EV sector.

Our lighting products consist primarily of LED lighting fixtures, many of which include IoT enabled control systems provided by third parties. We believe the market for LED lighting products 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.

We generally do not have long-term contracts with our customers for product or turnkey services that provide us with recurring annual revenue. However, our maintenance services contracts usually consist of multi-year arrangements. We typically generate substantially all of our lighting revenue from sales of lighting 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' existing lighting fixtures. We call this replacement process a "retrofit". We frequently sell our products and services directly to our customers and in many cases we provide design and installation services as well as project management services. We also sell our lighting systems on a wholesale basis, principally to electrical distributors, electrical contractors and ESCOs which then resell to their own customers.

The gross margins of our products can vary significantly depending upon the types of products we sell, with gross margins typically ranging from 10% to 50%. As a result, a change in the total mix of our sales among higher or lower gross 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, 2025 as "fiscal 2025". We refer to our most recently completed fiscal year, which ended on March 31, 2024, as "fiscal 2024", and our prior fiscal year which ended on March 31, 2023 as "fiscal 2023". 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.

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 evaluates and reports on the business using three segments: Lighting Segment, Maintenance Segment and Electric Vehicle Charging Segment ("EV Segment").

Results of Operations - Three Months Ended September 30, 2024 versus Three Months Ended September 30, 2023

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 September 30,				
	2024	2023		2024	2023
	Amount	Amount	% Change	% of Revenue	% of Revenue
Product revenue	$ 12,367	$ 15,588	(20.7)%	63.9%	75.7%
Service revenue	6,994	4,998	39.9%	36.1%	24.3%
Total revenue	19,361	20,586	(6.0)%	100.0%	100.0%
Cost of product revenue	8,888	10,897	(18.4)%	45.9%	52.9%
Cost of service revenue	6,001	5,120	17.2%	31.0%	24.9%
Total cost of revenue	14,889	16,017	(7.0)%	76.9%	77.8%
Gross profit	4,472	4,569	(2.1)%	23.1%	22.2%
General and administrative expenses	4,568	5,040	(9.4)%	23.6%	24.5%
Acquisition related costs	—	3	(100.0)%	0.0%	0.0%
Sales and marketing expenses	2,848	3,312	(14.0)%	14.7%	16.1%
Research and development expenses	328	382	(14.1)%	1.7%	1.9%
Loss from operations	(3,272)	(4,168)	(21.5)%	(16.9)%	(20.2)%
Interest expense	(283)	(192)	47.4%	(1.5)%	(0.9)%
Amortization of debt issue costs	(48)	(25)	92.0%	(0.2)%	(0.1)%
Royalty income	1	—	NM	0.0%	0.0%
Other income	—	12	(100.0)%	0.0%	0.1%
Loss before income tax	(3,602)	(4,373)	(17.6)%	(18.6)%	(21.2)%
Income tax expense	23	15	53.3%	0.1%	0.1%
Net loss	$ (3,625)	$ (4,388)	(17.4)%	(18.7)%	(21.3)%

* NM - Not Meaningful

Revenue, Cost of Revenue and Gross Margin. Product revenue decreased 20.7%, or $3.2 million, for the second quarter of fiscal 2025 versus the second quarter of fiscal 2024. Service revenue increased 39.9%, or $2.0 million, for the second quarter of fiscal 2025 versus the second quarter of fiscal 2024. The resulting decrease in total revenue was due to decreased revenues in the Lighting segment, partially offset by increased revenue in the EV segment. Cost of product revenue decreased by 18.4%, or $2.0 million, in the second quarter of fiscal 2025 versus the comparable period in fiscal 2024. Cost of service revenue increased by 17.2%, or $0.9 million, in the second quarter of fiscal 2025 versus the comparable period in fiscal 2024. Gross margin increased from 22.2% of revenue in the second quarter of fiscal 2024 to 23.1% in the second quarter of fiscal 2025, due primarily to increased margins in the maintenance segment.

Operating Expenses

General and Administrative. General and administrative expenses decreased 9.4%, or $0.5 million, in the second quarter of fiscal 2025 compared to the second quarter of fiscal 2024. This comparative decrease was primarily due to a decrease in Voltrek earn out expense to $0.6 million in the second quarter of fiscal 2025 compared to $1.1 million in the second quarter of fiscal 2024.

Sales and Marketing. Sales and marketing expenses decreased 14.0%, or $0.5 million, in the second quarter of fiscal 2025 compared to the second quarter of fiscal 2024. This comparative decrease was primarily due to the lower volume of product sales resulting in lower commissions expense.

Research and Development. Research and development expenses decreased 14.1%, or $0.1 million, in the second quarter of fiscal 2025 compared to the second quarter of fiscal 2024.

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 September 30,		
	2024	2023	% Change
Revenues	$ 10,840	$ 13,573	(20.1)%
Operating loss	$ (1,281)	$ (1,962)	34.7%
Operating margin	(11.8)%	(14.5)%	

Lighting segment revenue in the second quarter of fiscal 2025 decreased by 20.1%, or $2.7 million compared to the second quarter of fiscal 2024. The decrease in lighting segment revenue was due to variability in the timing of larger lighting projects along with the completion of the United States Department of Defense project in Germany. The decrease in operating loss in this segment was a result of an increased percentage of product revenue, which has a higher gross margin than service 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 September 30,		
	2024	2023	% Change
Revenues	$ 3,796	$ 3,634	4.5%
Operating loss	$ (352)	$ (1,760)	80.0%
Operating margin	(9.3)%	(48.4)%	

Maintenance segment revenue in the second quarter of fiscal 2025 increased by 4.5%, or $0.2 million, compared to the second quarter of fiscal 2024 primarily due to increased work orders from our major customer. Operating loss in this segment decreased as a result of an increase in gross margins driven by a more favorable revenue mix.

Electric Vehicle Charging 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 September 30,		
	2024	2023	% Change
Revenues	$ 4,725	$ 3,379	39.8%
Operating loss	$ (604)	$ (1,029)	(41.3)%
Operating margin	(12.8)%	(30.5)%	

EV segment revenue in the second quarter of fiscal 2025 increased by 39.8%, or $1.3 million, compared to the second quarter of fiscal 2024. The increase in revenue over the second quarter of fiscal 2024 was due to a higher revenue volume to municipalities. Operating loss decreased $0.4 million in the second quarter of fiscal 2025 due to a $0.5 million decrease of earn-out expense included in general and administrative costs.

Results of Operations - Six Months Ended September 30, 2024 versus Six Months Ended September 30, 2023

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):

	Six Months Ended September 30,				
	2024	2023		2024	2023
	Amount	Amount	% Change	% of Revenue	% of Revenue
Product revenue	$ 25,134	$ 29,259	(14.1)%	64.0%	76.6%
Service revenue	14,133	8,940	58.1%	36.0%	23.4%
Total revenue	39,267	38,199	2.8%	100.0%	100.0%
Cost of product revenue	17,429	20,956	(16.8)%	44.4%	54.9%
Cost of service revenue	13,067	9,503	37.5%	33.3%	24.9%
Total cost of revenue	30,496	30,459	0.1%	77.7%	79.7%
Gross profit	8,771	7,740	13.3%	22.3%	20.3%
General and administrative expenses	9,098	10,779	(15.6)%	23.2%	28.2%
Acquisition related costs	—	56	(100.0)%	0.0%	0.3%
Sales and marketing expenses	5,785	6,608	(12.5)%	14.7%	17.3%
Research and development expenses	592	862	(31.3)%	1.5%	2.3%
(Loss) income from operations	(6,704)	(10,565)	(36.5)%	(17.1)%	(27.7)%
Interest expense	(545)	(368)	48.1%	(1.4)%	(1.0)%
Amortization of debt issue costs	(106)	(49)	116.3%	(0.3)%	(0.1)%
Royalty income	16	2	NM	0.1%	0.0%
Other income	—	12	(100.0)%	0.0%	0.0%
(Loss) income before income tax	(7,339)	(10,968)	(33.1)%	(18.7)%	(28.7)%
Income tax (benefit) expense	44	57	(22.8)%	0.1%	0.1%
Net loss	$ (7,383)	$ (11,025)	(33.0)%	(18.8)%	(28.9)%

* NM - Not Meaningful

Revenue, Cost of Revenue and Gross Margin. Product revenue decreased 14.1%, or $4.1 million, for the first six months of fiscal 2025 versus the first six months of fiscal 2024. Service revenue increased 58.1%, or $5.2 million, for the first six months of fiscal 2025 versus the first six months of fiscal 2024. Total revenue increased due to growth in the EV segment, which was partially offset due to a decrease in the Lighting and Maintenance segments. Cost of product revenue decreased by 16.8%, or $3.5 million, in the first six months of fiscal 2025 versus the comparable period in fiscal 2024. Cost of service revenue increased by 37.5%, or $3.6 million, in the first six months of fiscal 2025 versus the comparable period in fiscal 2024. Gross margin increased from 20.3% of revenue in the first six months of fiscal 2024 to 22.3% in the first six months of fiscal 2025, due primarily to increased margins within the Maintenance segment.

Operating Expenses

General and Administrative. General and administrative expenses decreased 15.6%, or $1.7 million, in the first six months of fiscal 2025 compared to the first six months of fiscal 2024. This comparative decrease was primarily due to the decreased accrual of the expected Voltrek earn-out payment.

Acquisition Related Costs. There were no acquisition related costs in the first six months of fiscal 2025 in comparison to the $0.1 million in the first six months of fiscal 2024.

Sales and Marketing. Sales and marketing expenses decreased 12.5%, or $0.8 million, in the first six months of fiscal 2025 compared to the first six months of fiscal 2024. This comparative decrease was primarily due to decreased commission expenses.

Research and Development. Research and development expenses decreased 31.3%, or $0.3 million, in the first six months of fiscal 2025 compared to the first six months of fiscal 2024. This comparative decrease was primarily due to the reduction of employee compensation costs.

Interest Expense. Interest expenses increased 48.1% or $0.2 million, in the first six months of fiscal 2025 compared to the first six months of fiscal 2024. This comparative increase was primarily due to the interest on outstanding borrowings and a higher incremental borrowing rate.

Lighting Division

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

	Six Months Ended September 30,		
	2024	2023	% Change
Revenues	$ 23,591	$ 26,194	(9.9)%
Operating loss	$ (2,487)	$ (2,728)	(8.8)%
Operating margin	(10.5)%	(10.4)%	

Lighting division revenue in the first six months of fiscal 2025 decreased by 9.9%, or $2.6 million compared to the first six months of fiscal 2024. The decrease in lighting segment revenue was due to variability in the timing of larger lighting projects along with the completion of the United States Department of Defense project in Germany. The decrease in corresponding operating loss in this segment was a result of a decrease in under absorption of fixed costs.

Maintenance Division

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

	Six Months Ended September 30,		
	2024	2023	% Change
Revenues	$ 7,120	$ 7,388	(3.6)%
Operating loss	(1,328)	(3,600)	(63.1)%
Operating margin	(18.7)%	(48.7)%	

Maintenance division revenue in the first six months of fiscal 2025 decreased by 3.6%, or $0.3 million, compared to the first six months of fiscal 2024, primarily due to the loss of three large customers who decided not to renew their contracts, partially offset by increased work orders from our major customer. Operating loss in this segment decreased as a result of an increase in gross margin primarily due to a more favorable revenue mix.

Electric Vehicle Charging Division

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

	Six Months Ended September 30,		
	2024	2023	% Change
Revenues	$ 8,556	$ 4,617	85.3%
Operating loss	(835)	(2,963)	(71.8)%
Operating margin	(9.8)%	(64.2)%	

EV segment revenue in the first six months of fiscal 2025 increased by 85.3%, or $3.9 million, compared to the first six months of fiscal 2024. Operating loss in this segment decreased primarily as a result of the earn-out expense decreasing in fiscal 2025 compared to 2024 along with the significant increase in revenue allowing for greater absorption of fixed costs.

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 targeted 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 $5.4 million in cash and cash equivalents as of September 30, 2024, compared to $5.2 million at March 31, 2024. Our cash position increased as a result of our newly obtained mortgage loan largely offset by an operating loss, a $1 million repayment of debt, and a net use of working capital during the first two quarters of fiscal 2025.

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. 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 six months ended September 30, 2024 and 2023 (in thousands):

	Six Months Ended September 30,	
	2024	2023
Operating activities	$ (2,464)	$ (11,315)
Investing activities	155	(647)
Financing activities	2,523	(5)
Increase (decrease) in cash and cash equivalents	$ 214	$ (11,967)

Cash Flows Related to Operating Activities. Cash used in operating activities primarily consisted of net loss adjusted for certain non-cash items, including depreciation, amortization of intangible assets, stock-based compensation, amortization of debt issue costs, provisions for reserves, and the effect of changes in working capital and other activities.

Cash used in operating activities for the first six months of fiscal 2025 was $2.5 million and consisted of our net loss of $7.4 million adjusted for non-cash expense items and net cash provided in changes in operating assets of $4.9 million, the largest of which was a $3.9 million decrease in accounts payable, which was mostly offset by increases in accounts receivable and inventories.

Cash used in operating activities for the first six months of fiscal 2024 was $11.3 million and consisted of our net loss of $11.1 million adjusted for non-cash expense items and net cash used in changes in operating assets of $0.2 million, the largest of which was a $2.6 million increase in accounts receivable.

Cash Flows Related to Investing Activities. Cash provided by investing activities of $155 thousand in the first six months of fiscal 2025 consisted primarily of sales of property and equipment.

Cash used in investing activities of $0.6 million in the first six months of fiscal 2024 consisted primarily of purchases of property and equipment, partially offset by proceeds from sale of property and equipment.

Cash Flows Related to Financing Activities. Cash provided by financing activities of $2.5 million in the first six months of fiscal 2025 was primarily due to the term loan discussed in Note 12 above, which was partially offset by payments on the revolving credit facility and long-term debt.

Cash used by financing activities of $5 thousand in the first six months of fiscal 2024 consisted primarily of payment of long-term debt.

Working Capital

Our net working capital as of September 30, 2024 was $13.1 million, consisting of $40.0 million in current assets and $26.9 million in current liabilities. Our net working capital as of March 31, 2024 was $16.7 million, consisting of $44.8 million in current assets and $28.1 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 receivables, inventory, payables and unbilled revenue may increase to the extent our revenue and order levels increase.

Indebtedness

Revolving Credit Agreement

Our credit agreement provides for a five-year $25.0 million revolving credit facility (the “Credit Facility”) that matures on December 29, 2025. Borrowings under the Credit Facility are subject to a borrowing base requirement based on eligible receivables, inventory and cash. As of September 30, 2024, the borrowing base supported approximately $16.7 million of availability under the Credit Facility with $9.0 million drawn against that availability. As of September 30, 2023, the borrowing base supported approximately $18.9 million of availability under the Credit Facility with $10.0 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 the greater of $3.0 million or 15% 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 our ability to incur additional indebtedness, consolidate or merge, enter into acquisitions, pay any dividend or distribution on our stock, redeem, retire or purchase shares of our 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 we become 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 April 22, 2024, we, along with the lender, executed Amendment No. 2 (“Amendment No. 2”) to the credit agreement. The primary purpose of Amendment No. 2 was to add a $3.525 million mortgage loan facility to the credit agreement secured by our 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 our borrowing base calculation for the purpose of establishing our monthly borrowing availability under the credit agreement. Quarterly installments of $88,125 are due on the first day of each fiscal quarter beginning October 1, 2024.

As discussed in Note 19 - Subsequent Events, the maturity date of the Credit Facility was extended from December 29, 2025 to June 30, 2027.

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 $11.1 million and $22.0 million as of September 30, 2024 and March 31, 2024, 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 Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our consolidated financial statements requires us to make certain estimates and judgments that affect our reported assets, liabilities, revenue and expenses, and our related disclosure of contingent assets and liabilities. We re-evaluate our estimates on an ongoing basis, including those related to revenue recognition, inventory valuation, stock-based compensation and income taxes. The estimates of forecasted cash flows are used in the assessment for impairment of long-lived assets and the realizability of deferred tax assets. We base our estimates on historical experience and on various assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. A summary of our critical accounting policies is set forth in the "Critical Accounting Policies and Estimates" section of our Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended March 31, 2024. For the quarter ended September 30, 2024, there were no material changes in our accounting policies.

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, 2024. There have been no material changes to such exposures since March 31, 2024.

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 the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of September 30, 2024, 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 have concluded that our disclosure controls and procedures were effective as of September 30, 2024.

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 September 30, 2024, 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

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this Quarterly Report on Form 10-Q, the risks and uncertainties that we believe are most important for you to consider are discussed in Part I - Item 1A under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, which we filed with the SEC on June 12, 2024 and in Part 1 - Item 2 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q.

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 September 30, 2024, no director or officer of Orion 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

10.1	Amendment No. 3 to Loan and Security Agreement, dated effective as of October 30, 2024, among Orion Energy Systems, Inc., Bank of America, N.A., as lender, and the subsidiary borrowers party thereto, file as Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on October 31, 2024, is hereby incorporated by reference.
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 September 30, 2024, 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 November 6, 2024.

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, Michael H. Jenkins, 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: November 6, 2024

/s/ Michael H. Jenkins

Michael H. Jenkins
Chief Executive Officer

Exhibit 31.2

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: November 6, 2024

/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 September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael H. Jenkins, 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: November 6, 2024

/s/ Michael H. Jenkins
Michael H. Jenkins
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 September 30, 2024, 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: November 6, 2024

/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.