



Orion Energy Systems, Inc.
Shareholders' Letter and Annual Report on Form 10-K
Fiscal Year Ended March 31, 2026



June 23, 2026

Dear Fellow Shareholders:

As I mark the completion of my inaugural year as Orion's Chief Executive Officer, I would like to express my appreciation for your continued investment and support of our company. Fiscal 2026 (FY'26) marked the first year in which we set out with an expectation to deliver \$84 to \$86 million in revenue and positive adjusted EBITDA - goals that we out-performed. We are building momentum and we believe this is the first of many years where we will keep this focus and discipline.

FY'26 was a pivotal year for this company - a year in which we embarked on a course of increasing revenue, expanding profitability and elevating prominence in our competitive market.

FY '26: A Turnaround Year of Profitable Growth

When I arrived as CEO of Orion at the beginning of FY'26, I was immediately inspired by the team that greeted me. The team set out believing that FY'26 could be more than just a transition year of righting the ship. Rather, we foresaw a year that we could build momentum. All of us resolved at the outset to make it a year of growth - one that could spark a year-over-year trajectory of increasingly profitable growth.

We knew there were challenges. We had a multi-year hole to climb out of. We had revenue generation that was not intensely focused on recurring revenue from large enterprises, including existing customers. And we faced a reset in domestic public policy regarding EV charging.

We focused on our strengths. We had a stellar reputation for quality, along with a track record of growing our business with large Fortune 50 global leaders. We had an unrivaled, built-from-the-ground-up proprietary supply chain that served to insulate our customers from much of the brunt of exogenous shocks. And we had tailwinds from a multi-year re-industrialization of U.S. manufacturing facilities, private and public-sector vehicular fleets and AI-driven data centers.

To put it simply, we planned, measured and executed. And the results for FY '26 represented a substantial improvement over the previous fiscal year, as well as a level over and above our originally announced expectations.

Orion recorded revenue of \$86 million, net loss of \$3.2 million and adjusted EBITDA of approximately \$2 million in FY'26. And in fiscal 2027 (FY'27), we expect a continuation of this growth trajectory. We currently expect to record positive adjusted EBITDA on revenue of between \$95 million and \$97 million.

FY'26 was a year of right-sizing, as we enacted a sustained and necessary cost-containment initiative. It was a year of sharpened focus on demonstrably profitable growth, illustrated by our six consecutive quarters of positive adjusted EBITDA through the end of the fiscal year. And it was a year of maintaining our Nasdaq listing and bolstering our balance sheet with opportunistic fundraising.

And through it all, we received a demonstrable show of support in the market by existing and new shareholders.

The Growth Sparks for FY'26 - and Beyond

The results cited above are testimony to Orion's success on a number of fronts, including renewed aggressiveness in acquiring and expanding within large customers; a quantum improvement in the size and quality of our sales funnel; disciplined cost containment; and the ongoing build-out of our robust proprietary supply chain.

These results also speak to the key themes that put us on this upward trajectory:

— Consistent gross margin expansion and six consecutive quarters of positive adjusted EBITDA

- Diversification within LED Lighting to include Electrical Contracting as a growth initiative
- The additional capabilities of Battery Energy Storage Systems
- Increasing orders from enterprise customers
- Successful improvements in cost structure

FY'26 Highlights

LED Lighting revenue was \$55.9 million in FY'26, compared to \$47.7 million in fiscal 2025 (FY'25), reflecting increases in larger LED lighting projects and activity in Orion's energy services company (ESCO) and electrical distribution channels. Lighting achieved a FY'26 gross margin of 33.8% versus 26.6% in FY'25, due to targeted pricing increases, cost reductions and sourcing initiatives.

EV Charging Solutions revenue in FY'26 totaled \$14.4 million, compared to \$16.8 million in FY'25, principally related to a new environment for electric vehicle (EV) charging solutions. FY'26 gross margin stood at 37.7% versus 28.3% in FY'25.

Maintenance Services revenue was \$16.0 million in FY'26 compared to \$15.2 million in FY'25, as new revenue opportunities continued to grow. Improved pricing, restructuring and cost containment helped enable gross profit margin of 23.7% in FY'26 from 18.2%, in FY'25.

Financial Performance. Orion's FY'26 total revenue was \$86.3 million, above our original revenue outlook, compared to \$79.7 million in FY'25. Our gross profit percentage improved to 32.6% from 25.4%, and operating expenses were \$29.7 million in FY'26, compared to \$30.8 million in FY'25, reflecting the success of our ongoing cost containment.

Orion's FY'26 net loss was \$3.2 million, or \$0.89 per share, compared to a FY'25 net loss of \$11.8 million, or \$3.59 per share, reflecting improvement in revenue gross profit percentage and operating expenses in FY'26.

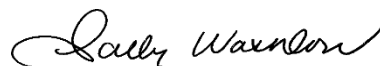
Financial Position. Orion ended FY'26 with current assets of \$37.7 million, including \$3.3 million of cash and equivalents, \$16.3 million of accounts receivable and \$10.3 million of inventories. Net of current liabilities, working capital was \$11.0 million. Given our current financial position, expected obligations, and business outlook, we believe Orion has sufficient resources to fund its operations and growth objectives for the foreseeable future.

FY'27 Outlook

Orion's FY'27 revenue outlook anticipates growth to \$95 to \$97 million, with potential upside should the macro environment firm and support increased customer infrastructure investment. Based on our enhanced operating discipline, our growth outlook should enable Orion to achieve positive adjusted EBITDA for the full fiscal year.

Again, I would like to thank you for your investment in and support of Orion. With the actions we have taken over the last few years, and our renewed focus on growth and operational discipline, I feel we have solidified our foundation to deliver industry-leading high quality, value-creating solutions to our customers. In fulfilling this objective, we should also be well positioned to deliver the growth and improving financial performance that should create meaningful long-term value for our shareholders.

Sincerely,



Sally Washlow
Chief Executive Officer

* See Appendix A for reconciliation of GAAP to non-GAAP measures referenced in this section.

APPENDIX A

Reconciliations of US GAAP Financial Measures to Non-GAAP Financial Measures

Earnings Before Interest, Income Taxes, Depreciation and Amortization

We define EBITDA as earnings before interest, taxes, depreciation and amortization. Additionally, adjusted EBITDA removes the impact of stock-based compensation, acquisition related costs, deferred financing costs, restructuring and severance costs, asset impairment and earnout expenses. We have provided these non-GAAP measures to help investors better understand our core operating performance, enhance comparisons of core operating performance from period to period, and allow better comparisons of operating performance to its competitors. Among other things, management uses these non-GAAP measures to evaluate the performance of the business and believes these measurements enable it to make better period-to-period evaluations of the financial performance of core business operations. The non-GAAP measurements are intended only as a supplement to the comparable GAAP measurements and Orion compensates for the limitations inherent in the use of non-GAAP measurements by using GAAP measures in conjunction with the non-GAAP measurements. As a result, investors should consider these non-GAAP measurements in addition to, and not in substitution for or as superior to, measurements of financial performance prepared in accordance with generally accepted accounting principles.

Fiscal 2026 and 2025 Adjusted EBITDA

(in thousands)	Twelve Months Ended	
	March 31, 2026	March 31, 2025
Net income (loss)	\$ (3,163)	\$ (11,801)
Interest	780	1,019
Taxes	60	42
Depreciation	877	1,344
Amortization of intangible assets	733	1,069
Amortization of debt issue costs	170	206
EBITDA	\$ (543)	\$ (8,121)
Stock-based compensation	484	1,157
Deferred cost write-off for ATM	—	385
Sign-on bonus	500	—
Loss on debt extinguishment	562	—
Solar contract amendment	(1,338)	—
Deferred revenue - solar grants	(337)	—
Solar asset disposal	1,118	—
Restructuring costs	—	453
Severance	91	1,248
Impairment on assets	—	20
Earnout expenses	1,663	1,916
Adjusted EBITDA	\$ 2,200	\$ (2,942)

Forward-Looking Adjusted EBITDA Guidance

We are providing adjusted EBITDA guidance only on a non-GAAP basis and do not provide a reconciliation of our forward-looking adjusted EBITDA non-GAAP guidance to the most directly comparable GAAP measure due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, the amounts of which, based on historical experience, could be significant.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2026
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission File Number: 001-33887

Orion Energy Systems, Inc.

(Exact name of Registrant as specified in its charter)

Wisconsin
(State or other jurisdiction of
incorporation or organization)
2210 Woodland Drive, Manitowoc, WI
(Address of principal executive offices)

39-1847269
(I.R.S. Employer
Identification No.)
54220
(Zip Code)

(920) 892-9340

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol (s)	Name of Each Exchange on Which Registered
Common stock, no par value	OESX	The Nasdaq Stock Market LLC (NASDAQ Capital Market)

Securities registered pursuant to Section 12(g) of the act:

None

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the 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 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☐ No ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of shares of the Registrant's common stock held by non-affiliates as of September 30, 2025, the last business day of the Registrant's most recently completed second fiscal quarter, was \$29,734,234.

As of May 29, 2026, there were 4,056,528 shares of the Registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2026 Annual Meeting of Shareholders to be held on August 6, 2026 are incorporated herein by reference in Part III of this Annual Report on Form 10-K.

ORION ENERGY SYSTEMS, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED MARCH 31, 2026

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes forward-looking statements that are based on Orion Energy Systems, Inc.'s ("Orion", "we", "us", "our" and similar references) beliefs and assumptions and on information currently available to us. When used in this Form 10-K, the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" and similar expressions identify forward-looking statements. Although we believe that our plans, intentions, and expectations reflected in any forward-looking statements are reasonable, these plans, intentions or expectations are based on assumptions, are subject to risks and uncertainties, and may not be achieved. These statements are based on assumptions made by us based on our experience and perception of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the current circumstances. Such statements are subject to a number of risks and uncertainties, many of which are beyond our control. Our actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this Form 10-K. Important factors could cause actual results to differ materially from our forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our beliefs and assumptions only as of the date of this Form 10-K, including particularly the Risk Factors described under Part I. Item 1A. of this Form 10-K. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth in this Form 10-K. Actual events, results and outcomes may differ materially from our expectations due to a variety of factors. Although it is not possible to identify all of these factors, they include, among others, the following:

- Our ability to achieve our budgeted fiscal 2027 revenue expectations, and related public fiscal 2027 revenue guidance, will have a significant impact on our cash flow and stock price and ability to fund our operations and satisfy our debt obligations;
- We are currently implementing a new ERP system, which will involve substantial cost and potential disruption to our normal operations. Our inability to successfully manage the implementation of our new ERP system could adversely affect our ability to operate our business and otherwise negatively affect our financial reporting and the effectiveness of our internal control over financial reporting;
- Government tariffs and other actions have adversely affected, and may continue to adversely affect, our business, resulting in increased costs and reduced gross margins;
- The reduction or elimination of incentives from the United States government for investments in electric vehicle ("EV") charging infrastructure may reduce demand for public EV charging products, in addition to reducing overall demand for EVs;
- We do not have major sources of recurring revenue, a substantial portion of our revenues are derived from major project-based retrofit work that is awarded through a competitive bid process and we depend upon a limited number of customers in any given period to generate a substantial portion of our revenue. The reduction of revenue from our most significant customer over the past several fiscal years has had, and the potential future loss of other significant customers or a major customer would likely have, a materially adverse effect on our results of operations, financial condition and cash flows, and it is generally difficult to predict the timing of projects that will be awarded, which can impact our ability to achieve our expected financial results;
- The reduction or elimination of investments in, or incentives to adopt, LED lighting or the elimination of, or changes in, policies, incentives or rebates in certain states or countries that encourage the use of LEDs over some traditional lighting technologies, including due to federal funding restrictions in the United States, could cause the demand for our lighting products to slow;
- We are experiencing ongoing increasing pressures to reduce the average selling price of our products and related negative impact on our gross margins driven largely by the ongoing increase in competition from foreign competitors;
- Our products use components and raw materials that may be subject to price fluctuations, shortages or interruptions of supply, particularly resulting from tariffs and other trade restrictions;
- We increasingly rely on third-party manufacturers for the manufacture and development of our products and product components;
- We are subject to the risk of a cybersecurity breach;
- Macroeconomic pressures in the markets in which we operate may adversely affect our financial results;
- Adverse conditions in the global economy, including due to changes in diplomatic and trade relationships, have negatively impacted, and could in the future negatively impact, our customers, suppliers and business; and

- The success of our LED lighting retrofit solutions depends, in part, on our ability to claim market share away from our competitors.

You are urged to carefully consider these factors and the other factors described under Part I. Item 1A. “Risk Factors” when evaluating any forward-looking statements, and you should not place undue reliance on these forward-looking statements.

Except as required by applicable law, we assume no obligation to update any forward-looking statements publicly or to update the reasons why actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

ITEM 1. BUSINESS

As used herein, unless otherwise expressly stated or the context otherwise requires, all references to “Orion,” “we,” “us,” “our,” “Company” and similar references are to Orion Energy Systems, Inc. and its consolidated subsidiaries.

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 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.

Our principal customers include large national account end-users, electrical distributors, electrical contractors and energy service companies (“ESCOs”). Our lighting products are either manufactured at our leased production facility located in Manitowoc, Wisconsin, or sourced through our global supply chain with contract manufacture partners.

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. In October 2022, we acquired Voltrek LLC (“Voltrek”), which leveraged our project management and maintenance expertise into the EV sector. In fiscal 2026, we expanded our services to include electrical contracting, which is an increasingly growing area of customer activity. We believe that providing all of these services enables us to support a long-term business relationship with our customers and results in an increase in our recurring revenue.

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.

Other than our multi-year maintenance service contracts, we generally do not have long-term contracts with our customers for product or turnkey services that provide us with recurring annual revenue. We typically generate substantially all of our 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, 2027 as “fiscal 2027”. We refer to our most recently completed fiscal year, which ended on March 31, 2026, as “fiscal 2026”, and our prior fiscal year which ended on

March 31, 2025 as "fiscal 2025". In each fiscal year, 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

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. Our CODM is our chief executive officer.

For financial results by reportable segment, please refer to Note 17 – Segment Data in our consolidated financial statements included in Item 8. of this Annual Report.

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. Our lighting segment sells mostly through direct sales and also through manufacturer representative agencies and to the wholesale contractor markets through ESCOs and contractors.

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.

EV Segment

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

Products and Services

Our historical primary focus has been the sale of our LED lighting fixtures with integrated controls technology and related installation services. We will continue to focus on these products and services, as well as on expanding our maintenance service offerings and our EV charging station solutions.

Currently, a significant amount of our lighting products are manufactured at our leased production facility location in Manitowoc, Wisconsin, although as the LED market continues to evolve but subject to tariff impacts, we are increasing the sourcing of products and components from third parties in order to expand our product offerings. We are focused on researching, developing and/or acquiring new innovative LED products and technologies for the retrofit markets. We plan to continue developing creative new LED retrofit products in order to offer our customers a variety of integrated energy management services, such as system design, project management and installation. We third party source all of the EV charging stations and components that are installed by our EV segment.

Products

Our lighting and maintenance segments market fixtures for both interior and exterior use, including our LED high bay fixtures, LED troffer retrofits and smart lighting controls. Our smart lighting controls provide both lighting control options and data intelligence capabilities for building managers to log, monitor and analyze use of space, energy savings, and provide physical security of space.

In addition, in October 2022, we acquired Voltrek, which offers leading EV charging expertise and provides turnkey EV installation solutions with ongoing support to all commercial verticals. We believe there are growth opportunities for Voltrek both in its existing northeast geographic market, as well as on a national basis. We also plan to continue attempting to cross sell our EV charging solutions to our historical market channels and customers and vice versa.

Other Products. We also offer our customers a variety of other LED fixtures to address their lighting and energy management needs, including fixtures designed for agribusinesses, parking lots, retail, mezzanine, outdoor applications and private label resale.

Warranty Policy. Our warranty policy generally provides for a limited five-year warranty on our LED products, although we do offer warranties ranging up to 10 years for certain LED products. Drivers, LED chips, EV charging stations and other electrical components are excluded from our standard warranty as they are covered by separate warranties offered by the original equipment manufacturers. We coordinate and process customer warranty inquiries and claims, including inquiries and claims relating to ballast and lamp components, through our customer service department.

Services

We provide a range of lighting-related energy management, EV installation and electrical contracting services to customers, including:

- comprehensive site assessment, which includes a review of the current lighting and controls including IoT enabled devices requirements and energy usage at the customer's facility;
- services to EV charging customers including site audit, engineering, grant filing, installation, commissioning and network services;
- site field verification, or SFV, during which we perform a test implementation of our energy management system at a customer's facility;
- utility incentive and government subsidy management, where we assist our customers in identifying, applying for and obtaining available utility incentives or government subsidies;
- engineering design, which involves designing a customized system to suit our customers' facility lighting and energy management needs, and providing the customer with a written analysis of the potential energy savings and lighting and environmental benefits associated with the designed system;
- project management, which involves us working with or serving as the electrical contractor in overseeing and managing all phases of implementation from delivery through installation for a single facility or through multi-facility roll-outs tied to a defined project schedule;
- installation services, for our products, which we provide through our national network of qualified third-party installers;
- complete facility design commissioning of IoT enabled control devices
- recycling in connection with our retrofit installations, where we remove, dispose of and recycle our customer's legacy lighting fixtures;
- electrical services, which include battery storage installation, new construction electrical contracting, electrical infrastructure management;
 - lighting, electrical system and EV maintenance services including both preventative and reactive services; and
 - other services that comprise a small amount of our revenue.

Our Customers

We primarily target commercial, institutional and industrial customers who have warehousing, retail, manufacturing and office facilities. In fiscal 2026, one customer accounted for 26.0% of our total revenue. In fiscal 2025, that same customer accounted for 18.1% of our total revenue, and in fiscal 2024, this same customer accounted for 25.6% of our total revenue. As we continue to attempt to diversify our customer base by expanding our reach to national accounts, ESCOs, the agent-driven distribution channel, lighting maintenance customers and the EV market, we expect to continue to derive a significant percentage of our revenue from contracts with one or a limited number of customers. These contracts are entered into in the ordinary course of business and typically provide that we will deliver products and services on a work order or purchase order basis and any purchase order may be terminated prior to shipment. Our maintenance work orders or contracts may be for discrete projects or may have multi-year terms. These contracts generally do not guarantee that the customer will buy our products or services.

The amount and concentration of our revenues with one or more customers may fluctuate on a year to year or quarter to quarter basis depending on the number of purchase orders issued by our customers. The loss of a significant customer or the termination of a material volume of purchase orders (or the underlying agreements) could have a material adverse effect on our results of operations.

Sales and Marketing

We sell our products and services in one of three ways: (i) directly as a result of Orion/Voltrek offering turnkey installation services; (ii) indirectly selling lighting products through independent sales agencies and broadline North American distributors; and (iii) through ESCOs. As of the end of fiscal 2026, we had 36 ESCO partners and independent lighting agencies representing us in substantially all of North America. We work cooperatively with our indirect channels through participation in national trade organizations and by providing product and sales training.

We have historically focused our marketing efforts on developing brand awareness through customer education, participation in trade shows and energy management seminars. These efforts have included participating in national, regional and local trade organizations, exhibiting at trade shows, executing targeted digital campaigns, advertising in select publications, public relations campaigns, social media and other lead generation and brand-building initiatives.

Competition

The market for energy-efficient lighting products, EV charging solutions and maintenance services is fragmented. We face strong competition primarily from manufacturers and distributors of lighting products and services as well as electrical contractors. We compete primarily on the basis of technology, cost, performance, quality, customer experience, energy efficiency, customer service and marketing support. We compete against other value-added resellers and electrical contractors in the EV charging market. We compete against a variety of service providers for lighting maintenance.

There are a number of lighting fixture manufacturers that sell LED products that compete with our lighting product lines. Lighting companies such as Acuity Brands, Inc., Signify Co., Cree Lighting, LSI Industries, Inc. and Current Lighting Solutions, LLC, are some of our main competitors within the commercial office, retail and industrial markets. We are also facing increased competition from manufacturers in low-cost countries.

Intellectual Property

As of March 31, 2026, we had been issued over 90 United States patents and have applied for a number of additional United States patents. The patented and patent pending technologies cover various innovative elements of our products, including our LED fixtures and controls. Our patented LDR™ product enables significantly faster installation than competitor's commercial office lighting products. Our smart lighting control offerings enable our lighting fixtures to deliver the desired amount of light when it is needed most.

We believe that our patent portfolio as a whole is material to our business and that the loss of these patents could significantly and adversely affect our business, operating results, and prospects.

Backlog

Backlog represents the amount of revenue that we expect to realize in the future as a result of firm, committed orders. Our backlog as of March 31, 2026 and March 31, 2025 totaled \$30.1 million and \$17.3 million, respectively. We generally expect our backlog to be recognized as revenue within one year. Backlog does not include any amounts for contracted maintenance services.

Manufacturing and Distribution

We lease an approximately 266,000 square foot primary manufacturing and distribution facility located in Manitowoc, Wisconsin, where many of our products are manufactured. We utilize both solar and wind power to support the energy requirements for our manufacturing facility, allowing us to reduce our carbon footprint.

We generally maintain a significant supply of raw material and purchased and manufactured component inventory. We contract with transportation companies to ship our products and manage all aspects of distribution logistics. We generally ship our products directly to the end user.

Research and Development

Our research and development efforts are centered on developing new LED products and technologies and enhancing existing products. The products, technologies and services we are developing are focused on increasing end user energy efficiency and enhancing lighting output. Over the last three fiscal years, we have focused on developing additional LED products, resulting in our development and commercialization of several new suites of LED interior high bay products. Some of the products we have developed are designed to be produced in our manufacturing facility in Manitowoc, Wisconsin while others are sourced from contract manufacturers.

We operate a research and development lab and test facilities in our Jacksonville, Florida and Manitowoc, Wisconsin locations.

Regulatory Matters

Our operations are subject to federal, state, and local laws and regulations governing, among other things, emissions to air, discharge to water, the remediation of contaminated properties and the generation, handling, storage, transportation, treatment, and disposal of, and exposure to, waste and other materials, as well as laws and regulations relating to occupational health and safety. We believe that our business, operations, and facilities are being operated in compliance in all material respects with applicable environmental and health and safety laws and regulations.

State, county or municipal statutes often require that a licensed electrician be present and supervise each retrofit project. Further, all installations of electrical fixtures are subject to compliance with electrical codes in virtually all jurisdictions in the United States. In cases where we engage independent contractors to perform our retrofit projects, we believe that compliance with these laws and regulations is the responsibility of the applicable contractor.

Our Corporate and Other Available Information

We were incorporated as a Wisconsin corporation in April 1996 and our corporate headquarters are located at 2210 Woodland Drive, Manitowoc, Wisconsin 54220. Our Internet website address is www.orionlighting.com. Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available through the investor relations page of our internet website free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC"). We are not including the information contained on our website as part of, or incorporating it by reference into, this report.

Human Capital

As of March 31, 2026, we had 174 full-time employees. We also employ temporary employees in our manufacturing facility as demand requires. Our employees are not represented by any labor union, and we have never experienced a work stoppage or strike due to employee relations.

We are an employee-centric organization, maintaining a safe and respectful environment that provides opportunity for our employees.

We believe our employees are among our most important resources and are critical to our continued success. We focus significant attention on attracting and retaining talented and experienced individuals to manage and support our operations. We pay our employees competitively and offer a broad range of company-paid benefits, which we believe are competitive with others in our industry.

We are committed to hiring, developing and supporting a diverse and inclusive workplace. Our management teams and all of our employees are expected to exhibit and promote honest, ethical and respectful conduct in the workplace. We will not tolerate discrimination or harassment in any form. All of our employees must adhere to a code of conduct that sets standards for appropriate behavior and includes required annual training on preventing, identifying, reporting and stopping any type of unlawful discrimination.

ITEM 1A. RISK FACTORS

You should carefully consider the risk factors set forth below and in other reports that we file from time to time with the Securities and Exchange Commission and the other information in this Annual Report on Form 10-K. The matters discussed in the following risk factors, and additional risks and uncertainties not currently known to us or that we currently deem immaterial, could have a material adverse effect on our business, financial condition, results of operations and future growth prospects and could cause the trading price of our common stock to decline.

Risk Factor Summary

Our business is subject to a number of risks and uncertainties, including those highlighted immediately following this summary. Some of these risks are summarized below:

- Our ability to achieve our budgeted fiscal 2027 revenue expectations, and related public fiscal 2027 revenue guidance, will have a significant impact on our cash flow and stock price and ability to fund our operations and satisfy our debt obligations.
- We are currently implementing a new ERP system, which will involve substantial cost and potential disruption to our normal operations. Our inability to successfully manage the implementation of our new ERP system could adversely affect our ability to operate our business and otherwise negatively affect our financial reporting and the effectiveness of our internal control over financial reporting.
- Government tariffs and other actions have adversely affected, and may continue to adversely affect, our business, resulting in increased costs and reduced gross margins.
- The reduction or elimination of incentives from the United States government for investments in EV charging infrastructure may reduce demand for public EV charging products, in addition to reducing overall demand for EVs.
- We do not have major sources of recurring revenue, a substantial portion of our revenues are derived from major project-based retrofit work that is awarded through a competitive bid process, and we depend upon a limited number of customers in any given period to generate a substantial portion of our revenue. The reduction of revenue from our most significant customer over the past several fiscal years has had, and the potential future loss of other significant customers or a major customer would likely have, a materially adverse effect on our results of operations, financial condition and cash flows, and it is generally difficult to predict the timing of projects that will be awarded, which can impact our ability to achieve our expected financial results.
- The reduction or elimination of investments in, or incentives to adopt, LED lighting or the elimination of, or changes in, policies, incentives or rebates in certain states or countries that encourage the use of LEDs over some traditional lighting technologies, including due to federal funding restrictions in the United States, could cause the demand for our lighting products to slow.
- We are experiencing ongoing increasing pressures to reduce the average selling price of our products and related negative impact on our gross margins driven largely by the ongoing increase in competition from foreign competitors.
- Our products use components and raw materials that may be subject to price fluctuations, shortages or interruptions of supply, particularly resulting from tariffs and other trade restrictions.
- We increasingly rely on third-party manufacturers for the manufacture and development of our products and product components.
- We are subject to the risk of a cybersecurity breach.
- Macroeconomic pressures in the markets in which we operate may adversely affect our financial results.
- Adverse conditions in the global economy including due to changes in diplomatic and trade relationships, have negatively impacted, and could in the future negatively impact, our customers, suppliers and business.
- The success of our LED lighting retrofit solutions depends, in part, on our ability to claim market share away from our competitors.

Risks Related to Our Business

Financial Risks

Our ability to achieve our budgeted fiscal 2027 revenue expectations, and related public fiscal 2027 revenue guidance, will have a significant impact on our cash flow and stock price and ability to fund our operations and satisfy our debt obligations.

We have historically had difficulties in achieving our budgeted revenue expectations, and related public annual revenue guidance. Our ability to achieve our budgeted fiscal 2027 revenue expectations, and related public fiscal 2027 revenue guidance, will have a significant impact on our cash flow, financial condition and stock price and ability to fund our operations and satisfy our debt obligations.

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

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

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

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

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

We had goodwill of almost \$1.5 million and net intangible assets of almost \$2.6 million as of March 31, 2026. In accordance with GAAP, goodwill and intangible assets with an indefinite life are not amortized but are subject to a periodic impairment evaluation. Goodwill and acquired intangible assets with an indefinite life are tested for impairment at least annually or when events and circumstances indicate that fair value of a reporting unit may be below their carrying value. Some factors that could lead to a goodwill impairment assessment would be:

- our overall financial performance, including continued net losses and low levels of liquidity;
- a material decline in the price of our common stock;
- macroeconomic factors;
- changes in our strategy or exiting a portion of the business;
- significant adverse changes in demand for our products and services; and
- related competitive considerations.

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

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

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

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

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

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

Risks Related to Our Common Stock

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

Our Amended and Restated Articles of Incorporation, as amended, allow us to issue up to 50 million shares, consisting of 20 million shares of our common stock and 30 million shares of our preferred stock. We may in the future issue additional shares of our common stock or other securities convertible into or exchangeable for our common stock, which could result in substantial dilution to the interests of existing shareholders.

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

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

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

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

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

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

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

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

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

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

The price of our common stock has been, and may continue to be, volatile.

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

- actual or anticipated fluctuations in our operating results or our competitors’ operating results;
- our ability to achieve our analysts’ results of operations expectations;
- actual or anticipated changes in the growth rate of the general LED lighting industry, our growth rates or our competitors’ growth rates;
- conditions in the financial markets in general or changes in general economic conditions;
- novel and unforeseen market forces and trading strategies;
- actual or anticipated changes in governmental regulation, including taxation and tariff policies;
- interest rate or currency exchange rate fluctuations;

- our ability to forecast or report accurate financial results; and
- changes in stock market analyst recommendations regarding our common stock, other comparable companies or our industry generally.

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

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

Operational Risks

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

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

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

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

We are currently implementing a new ERP system. ERP implementations are complex, labor intensive, and time-consuming projects, which also involve substantial expenditures on system software and implementation activities. Our new ERP system will be

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

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

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

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

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

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

- perceptions about EV quality, safety (in particular with respect to lithium-ion battery packs), design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of EVs;
- the limited range over which EVs may be driven on a single battery charge and concerns about running out of power while in use;
- concerns regarding the stability of the electrical grid;
- improvements in the fuel economy of the internal combustion engine;
- consumers' desire and ability to purchase a luxury automobile or one that is perceived as exclusive;

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

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

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

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

We do not have major sources of recurring revenue, a substantial portion of our revenues are derived from project-based work that is awarded through a competitive bid process and we depend upon a limited number of customers in any given period to generate a substantial portion of our revenue. The reduction of revenue from our most significant customer over the past several fiscal years has had, and the potential future loss of other significant customers or a major customer would likely have, a materially adverse effect on our results of operations, financial condition and cash flows, and it is generally difficult to predict the timing and success rate of the projects that we bid and will be awarded.

A substantial portion of our revenues are derived from project-based work that is awarded through a competitive bid process. It is generally difficult to predict the timing and success rate of the projects that we bid and will be awarded. In prior fiscal years, one customer represented more than 40% of total revenues, which has not recurred in recent fiscal years. The reduction of revenue from this customer has had a material adverse effect on our results of operations, financial condition and cash flow. While this customer continues to be a substantial source of business for us (26.0% of our fiscal 2026 revenue), we continue to attempt to diversify our customer base and expand our reach to national accounts, ESCOs, the agent driven distribution channel, lighting maintenance customers and the EV market, there is no assurance we will be successful in replacing this reduced revenue. Additionally, even as we progress toward diversifying our customer base, timing of execution on projects with new or additional customers is unpredictable.

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

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

- executing and marketing our turnkey LED retrofit capabilities to large national account customers;

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

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

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

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

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

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

Legal, Regulatory and Compliance Risks

Government tariffs and other actions have adversely affected, and may continue to adversely affect, our business.

The United States government has, from time to time, implemented various monetary, regulatory, and trade importation restraints, penalties, and tariffs, and as a result of changes to United States and foreign government administrative policy, there may be changes to existing trade agreements, greater restrictions on free trade generally, the imposition of or significant increases in tariffs on goods imported into the United States, and adverse responses by foreign governments to United States trade policies, among other possible changes. The current United States administration is pursuing a wide range of monetary, regulatory and trade policies, including the imposition of significant tariffs on certain imports into the United States. Foreign governments, including the Chinese government, have announced their intent to implement or increase tariffs on imports from the United States in response. Certain sourced finished products

and certain of the components used in our products have been impacted by tariffs imposed on imports. Our efforts to mitigate the impact of added costs resulting from these government actions include a variety of activities, such as sourcing from non-tariff impacted countries and raising prices. We intend to implement such changes to try to pass the impact of tariff price increases to our customers, but there can be no assurance our customers will accept such price increases or that such price increases will not reduce our ability to gain new orders. If we are unable to successfully mitigate the impacts of these tariffs and other trade policies, our results of operations may be adversely affected. It remains unclear what the current United States administration or foreign governments will or will not do in the future with respect to tariffs or trade agreements and policies. A trade war, other governmental action related to tariffs or trade agreements, changes in United States social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently purchase, manufacture and sell products, and any resulting negative sentiments towards the United States as a result of such changes, could have a material adverse effect on our results of operations, financial condition and cash flows.

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

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

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

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

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

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

Strategic Risks

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

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

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

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

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

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

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

General Risk Factors

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

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

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

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

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

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

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

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

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

in the markets resulting from such conflicts could negatively impact the macroeconomy. The conflicts in Ukraine and the Middle East may also continue to exacerbate geopolitical tensions globally.

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

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

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

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

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

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

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

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

We face exposure to product liability claims in the event that our energy management products fail to perform as expected or cause bodily injury or property damage. Since virtually all of our products use electricity, it is possible that our products could result in injury, whether by product malfunctions, defects, improper installation or other causes. Particularly because our products often incorporate new

technologies or designs, we cannot predict whether or not product liability claims will be brought against us in the future or result in negative publicity about our business or adversely affect our customer relations. Moreover, we may not have adequate resources in the event of a successful claim against us. A successful product liability claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages and could materially adversely affect our results of operations, financial condition and cash flows.

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

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

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

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

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

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

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

Our operations are subject to federal, state and local laws and regulations governing, among other things, emissions to air, discharge to water, the remediation of contaminated properties and the generation, handling, storage, transportation, treatment and disposal of, and exposure to, waste and other materials, as well as laws and regulations relating to occupational health and safety. These laws and

regulations frequently change, and the violation of these laws or regulations can lead to substantial fines, penalties and other liabilities. The operation of our manufacturing facility entails risks in these areas and there can be no assurance that we will not incur material costs or liabilities in the future that could adversely affect our results of operations, financial condition and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Our Board and Audit and Finance Committee oversee risks from cybersecurity threats. Our Audit and Finance Committee reviews cybersecurity risks on a quarterly basis and our Board periodically reviews cybersecurity risks as part of its overall risk management oversight and specifically reviews cybersecurity in detail at least annually. Our Board relies on management and its use of third-party consultants for expertise for assessing and managing our risks from cybersecurity threats. In conjunction with management, our Board considers the nature of the work provided by our operations, the potential impact of a cybersecurity event, costs, potential likelihood of an event, prior events, and benefits in its general oversight of the cybersecurity risk management.

We have experienced targeted and non-targeted cybersecurity attacks and incidents in the past that have resulted in unauthorized persons gaining limited access to our information and systems, and we could in the future experience similar attacks. To date, no cybersecurity incident or attack, or any risk from cybersecurity threats, has materially affected or has been determined to be reasonably likely to materially affect us or our business strategy, results of operations, or financial condition.

See also “Item 1A. Risk Factors — Operational Risks.”

ITEM 2. PROPERTIES

We lease our approximately 266,000 square foot manufacturing and distribution facility located in Manitowoc, Wisconsin, the term of which lease expires on January 31, 2030.

We own our approximately 70,000 square foot technology center and corporate headquarters adjacent to our leased Manitowoc manufacturing and distribution facility. We also lease approximately 10,500 square feet of office space in Jacksonville, Florida and 5,375 square feet in Lawrence, Massachusetts.

The Manitowoc and Jacksonville facilities noted above are utilized by all our business segments and the Lawrence facility by our EV segment.

ITEM 3. 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 would have a material adverse effect on our future results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

None.

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

Shares of our common stock are traded on the NASDAQ Capital Market under the symbol "OESX".

Shareholders

As of May 29, 2026, there were approximately 145 record holders of the 4,056,528 outstanding shares of our common stock. The number of record holders does not include shareholders for whom shares are held in a "nominee" or "street" name.

Dividend Policy

We have never paid or declared any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. In addition, the terms of our existing credit agreement restrict the payment of cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of our Board and will depend on our financial condition, results of operations, capital requirements, contractual restrictions (including those under our loan agreements) and other factors that our Board deems relevant.

Securities Authorized for Issuance under Equity Compensation Plans

The following table represents shares outstanding under our 2016 Omnibus Incentive Plan as of March 31, 2026.

Equity Compensation Plan Information			
Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options and Vesting of Restricted Shares	Weighted Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuances Under Equity Compensation Plans (excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity Compensation plans approved by security holders	188,372	\$ 6.34	56,587
Equity Compensation plans not approved by security holders	—	—	—
Total	188,372	\$ 6.34	56,587

Issuer Purchase of Equity Securities

We did not purchase shares of our common stock during the fiscal year ended March 31, 2026.

Unregistered Sales of Securities

On July 16, 2025, we issued 163,258 shares of our common stock to Kathleen M. Connors and 1,649 shares of our common stock to the Kathleen M. Connors 2019 Revocable Trust as earnout consideration as contemplated by the Term Sheet. These issuances did not involve a public offering and were exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act").

On July 18, 2025, we granted the following equity awards to Michael Ontrop, our new Senior Vice president of Channel Sales, as inducement for employment; (i) 10,000 shares of restricted stock and (ii) a non-qualified stock option exercisable for 12,500 shares of our common stock at an exercise price of \$6.00 per share. These awards were exempt from registration under Section 4(a)(2) of the Securities Act. The equity awards were approved by our Board in accordance with Nasdaq Listing Rule 5635(c)(4) as a material

inducement for Mr. Ontrop to accept our offer of employment, and the underlying shares were not drawn from the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan.

Mr. Ontrop's restricted stock award will vest with respect to one-third of the restricted shares on each of the first three anniversaries of the grant date, provided that Mr. Ontrop is then still employed with the Company on the applicable vesting date. Mr. Ontrop's stock option will vest as follows if the per share price of our common stock achieves the following levels over the three-year period after the grant date and provided Mr. Ontrop is then still employed by us on the applicable vesting date: (i) one-third at \$30.00; (ii) one-third at \$40.00; and (iii) one-third at \$50.00, with achievement of the effective share prices to be determined based on a five trading day average closing price of our common stock.

ITEM 6. [RESERVED]

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

This section of this Form 10-K generally discusses fiscal year 2026 and fiscal year 2025 items and year over year comparisons between fiscal year 2026 and fiscal year 2025. Discussions of the fiscal year 2024 items and the year over year comparisons between fiscal year 2025 and fiscal year 2024 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

Overview

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

We differentiate ourselves from our competitors by offering comprehensive project management services to national account customers to retrofit their multiple locations. Our comprehensive services include initial site surveys and audits, utility incentive and government subsidy management, engineering design, and project management from delivery through to installation and controls integration. In addition, we offer lighting and electrical maintenance services which enables us to support a lifetime business relationship with our customer (which we call "Customers for Life"). We completed the acquisition of Voltrek on October 5, 2022, which further expanded our turnkey services capabilities as well as capitalized on the rapidly growing market for EV charging solutions. We completed the Stay-Lite Lighting acquisition on January 1, 2022, which further expanded our maintenance services capabilities.

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

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

Other than our multi-year maintenance service contracts, we generally do not have long-term contracts with our customers for product or turnkey services that provide us with recurring annual revenue. We typically generate substantially all of our revenue from sales of lighting and control systems and related services to governmental, commercial and industrial customers on a project-by-project basis. We also perform work under master services or product purchasing agreements with major customers with sales completed on a purchase order basis. In addition, in order to provide quality and timely service under our multi-location master retrofit agreements, we

make substantial working capital expenditures and advance inventory purchases that we intend to recoup through the completion of these or similar projects.

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

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

Our fiscal year ends on March 31. We refer to our just completed fiscal year, which ended on March 31, 2026, as "fiscal 2026", and our prior fiscal years which ended on March 31, 2025 and March 31, 2024 as "fiscal 2025" and "fiscal 2024", respectively. 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. Our CODM is our chief executive officer. We have three segments: lighting segment, maintenance segment and EV segment.

Recent Developments

Reverse Stock Split

On August 22, 2025, we effected a 1-for-10 reverse stock split of our common stock in order to remain compliant with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Rule") for continued listing on the NASDAQ Capital Market ("NASDAQ").

Voltrek Earnout Settlement

On March 17, 2026, we entered into a settlement agreement (the "Settlement Agreement") with Final Frontier, LLC ("Final Frontier") and Kathleen M. Connors ("Ms. Connors"), personally and as Trustee of the Kathleen M. Connors 2019 Revocable Trust ("Connors Trust" together with Final Frontier and Ms. Connors, the "Connors Parties"), in order to reach a final and complete resolution and settlement of the dispute between the Connors Parties and us regarding our remaining earnout obligations owed to Final Frontier pursuant to that certain Membership Interest Purchase Agreement, dated as of October 5, 2022, entered into by and among us and the Connors Parties (the "MIPA"), pursuant to which we acquired Voltrek, as well as to reach a final and complete resolution and settlement of related arbitrations and terminate related agreements, as described below.

Pursuant to the MIPA and a binding term sheet (as amended, the "Term Sheet"), we and the Connors Parties submitted our earn out statement dispute to CPA firm arbitration (the "CPA Firm Arbitration"). The Connors Parties asserted that the remaining earn out payments owed by us totaled approximately \$10 million. Our position was that we owed the Connors Parties an additional \$1.4 million. The CPA arbitrators determined that we owed an additional \$3.4 million of earnout payments. Subsequently, we filed an arbitration demand with the American Arbitration Association in Milwaukee, Wisconsin against the Connors Parties in order to object to the CPA firm's decision of the earnout statement dispute as manifest error (the "AAA Arbitration").

By entering into the Settlement Agreement, we and the Connors Parties agreed to a final and complete resolution and settlement of the CPA Firm Arbitration and the AAA Arbitration, a final and complete resolution and settlement of the earnout statement dispute, termination of the MIPA, termination of all related earnout agreements and termination of any and all claims and counterclaims between or among us and the Connors Parties, without any admission of liability and without incurring of any further payment, cost, liability,

obligation, guaranty, expense or inconvenience with respect thereto.

Under the terms of the Settlement Agreement, we made a one-time cash payment of \$3.0 million (the “Settlement Amount”) to Final Frontier on March 18, 2026. Upon receipt of the Settlement Amount, all earn out payment obligations, the MIPA, all earnout agreements, the CPA Firm Arbitration and the AAA Arbitration proceedings were terminated, cancelled and released, and all liens and security interests held by Final Frontier on our assets were automatically terminated and irrevocably released. Additionally, upon payment of the Settlement Amount, we and the Connors Parties exchanged mutual general releases of all claims arising from or related to the earn out disputes, the CPA Firm Arbitration and the AAA Arbitration proceedings, the MIPA and the earnout agreements. The releases did not affect Ms. Connors’ then part-time employment relationship with us or the Connors Parties’ rights as shareholders of our Company. We also agreed to facilitate the Connors Parties’ entry into a Rule 10b5-1 trading plan during our next insider open window period to facilitate the Connors Parties’ sale of their shares of our common stock.

Significant New Exterior Lighting Project

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

Ongoing Cost Cutting Initiatives

Over the past two fiscal years, we have been successful in reducing our annual operating expenses by approximately \$2.0 million. This cost cutting and overhead reduction initiative has resulted in improved gross margins and profitability.

Public Stock Offering

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

Replacing Reduced Revenue from Primary Customer

In fiscal 2026, 2025 and 2024, one customer accounted for 26.0%, 18.1% and 25.6% of our total revenue, respectively. We continue to attempt to diversify our customer base by expanding our reach to national accounts, ESCOs, the agent driven distribution channel, lighting maintenance customers and the EV market.

Solar Asset Termination Agreement

Effective March 19, 2026, we executed a termination agreement with a customer to terminate two power purchase agreements (“PPAs”) that commenced in 2010. The PPAs covered two solar panel arrays on two buildings in New Jersey under which we contracted to sell the solar power generation from the respective solar panel arrays through 2030. Under the terms of the termination agreement, we transferred ownership of the solar arrays to a third party and terminated any future obligations related to those assets in exchange for a cash payment of \$1.3 million.

Credit Facility Extension

On May 29, 2026, we and Bank of America, N.A. as lender, executed Amendment No. 5 (“Amendment No. 5”) to our Loan and Security Agreement dated December 29, 2020 and amended previously on September 30, 2025 (as amended, the “credit agreement”). The primary purpose of Amendment No. 5 was to extend the maturity date of the Credit Facility from June 30, 2027 to June 30, 2030.

Tariff Relief

In February 2026, the U.S. Supreme Court ruled that certain tariffs imposed under the International Emergency Economic Powers

Act (“IEEPA”) were unlawful. On April 20, 2026, U.S. Customs and Border Protection launched a portal intended to automate and consolidate the related refund claim process, including associated interest payments. We submitted refund claims related to certain previously paid tariffs. Due to the uncertainty surrounding payment of any potential refund claims, no amounts are reflected in our fiscal 2026 financial statements. As of May 31, 2026, we have received approximately \$219 thousand in tariff refunds, including approximately \$13 thousand of interest income. The ultimate amount and timing of recovery remains subject to continued administrative review and claim approval.

Selected Financial Data

The selected historical consolidated financial data are not necessarily indicative of future results.

	Fiscal Year Ended March 31,				
	2026	2025	2024	2023	2022
	(in thousands, except per share amounts)				
Consolidated statements of operations data:					
Product revenue	\$ 57,029	\$ 54,368	\$ 63,307	\$ 57,210	\$ 91,889
Service revenue	29,277	25,352	27,274	20,173	32,494
Total revenue	86,306	79,720	90,581	77,383	124,383
Cost of product revenue (1) (2) (8)	36,893	37,319	44,466	42,979	65,249
Cost of service revenue (1) (3) (8)	21,320	22,165	25,204	16,893	25,222
Total cost of revenue	58,213	59,484	69,670	59,872	90,471
Gross profit	28,093	20,236	20,911	17,511	33,912
General and administrative expenses (1) (4) (8)	18,691	18,008	16,740	19,487	11,680
Impairment of assets (5)	—	-	456	—	512
Acquisition related costs	—	—	56	765	—
Sales and marketing expenses (1) (5) (8)	10,099	11,595	12,988	11,392	11,628
Research and development expenses (1)(6) (8)	945	1,229	1,495	1,852	1,701
(Loss) income from operations	(1,642)	(10,596)	(10,824)	(15,985)	8,391
Other income	51	62	39	-	1
Interest expense	(783)	(1,026)	(752)	(339)	(80)
Amortization of debt issue costs	(170)	(206)	(95)	(73)	(62)
Loss on debt extinguishment	(562)	—	—	—	—
Dividend and interest income	3	7	2	34	—
(Loss) income before income tax	(3,103)	(11,759)	(11,630)	(16,363)	8,250
Income tax expense (benefit) (7)	60	42	41	17,978	2,159
Net (loss) income	\$ (3,163)	\$ (11,801)	\$ (11,671)	\$ (34,341)	\$ 6,091
Net (loss) income per share attributable to common shareholders:					
Basic	\$ (0.89)	\$ (3.59)	\$ (3.59)	\$ (10.83)	\$ 1.96
Diluted	\$ (0.89)	\$ (3.59)	\$ (3.59)	\$ (10.83)	\$ 1.95
Weighted-average shares outstanding:					
Basic	3,561	3,283	3,249	3,170	3,102
Diluted	3,561	3,283	3,249	3,170	3,130

(1) Includes stock-based compensation expense recognized under Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation, or Accounting Standards Codification (ASC) 718, as follows:

	Fiscal Year Ended March 31,				
	2026	2025	2024	2023	2022
	(in thousands)				
Cost of product revenue	\$ —	\$ 7	\$ 5	\$ 4	\$ 5
Cost of service revenue	—	—	—	—	—
General and administrative expenses	434	1,111	923	1,596	793
Sales and marketing expenses	46	31	17	8	12
Research and development expenses	3	8	5	4	3
Total stock-based compensation expense	\$ 483	\$ 1,157	\$ 950	\$ 1,612	\$ 813

- (2) Fiscal 2025 and fiscal 2024 includes expense of \$295 thousand and \$26 thousand related to restructuring, respectively.
- (3) Fiscal 2025 and fiscal 2024 includes expense of \$176 thousand and \$48 thousand related to restructuring, respectively.
- (4) Fiscal 2025 and fiscal 2024 include expenses of \$442 thousand and \$28 thousand related to restructuring, respectively.
- (5) Fiscal 2025 and fiscal 2024 includes expense of \$26 thousand and \$21 thousand related to restructuring, respectively.
- (6) Fiscal 2025 and fiscal 2024 includes expense of \$109 thousand and \$0 related to restructuring, respectively.
- (7) Fiscal 2021 includes tax benefit of \$20.9 million related to the release of the valuation allowance on deferred tax assets. Fiscal 2023 includes tax expense of \$17.8 million related to the recording of the valuation allowance on deferred tax assets.
- (8) Fiscal 2022 includes an offset to payroll expenses of \$1.6 million related to the anticipated employee retention payroll tax credit (“payroll tax credit”), as expanded and extended by the American Rescue Plan Act of 2021, as follows:

	Fiscal Year Ended March 31, 2022 (in thousands)
Cost of product revenue	\$ 649
Cost of service revenue	144
General and administrative expenses	273
Sales and marketing expenses	416
Research and development expenses	105
Total payroll tax credit	<u>\$ 1,587</u>

Results of Operations: Fiscal 2026 versus Fiscal 2025

The following table sets forth the line items of our 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 (in thousands, except percentages):

	Fiscal Year Ended March 31,				
	2026	2025	%	2026	2025
	Amount	Amount	Change	% of Revenue	% of Revenue
Product revenue	\$ 57,029	\$ 54,368	4.9%	66.1%	68.2%
Service revenue	29,277	25,352	15.5%	33.9%	31.8%
Total revenue	86,306	79,720	8.3%	100.0%	100.0%
Cost of product revenue	36,893	37,319	(1.1)%	42.7%	46.8%
Cost of service revenue	21,320	22,165	(3.8)%	24.7%	27.8%
Total cost of revenue	58,213	59,484	(2.1)%	67.4%	74.6%
Gross profit	28,093	20,236	38.8%	32.6%	25.4%
General and administrative expenses	18,691	18,008	3.8%	21.7%	22.6%
Sales and marketing expenses	10,099	11,595	(12.9)%	11.7%	14.5%
Research and development expenses	945	1,229	(23.1)%	1.1%	1.5%
(Loss) income from operations	(1,642)	(10,596)	(84.5)%	(1.9)%	(13.3)%
Other income	51	62	(17.7)%	0.1%	0.1%
Interest expense	(783)	(1,026)	23.7%	(0.9)%	(1.3)%
Amortization of debt issue costs	(170)	(206)	17.5%	(0.2)%	(0.3)%
Loss on debt extinguishment	(562)	—	NM	(0.7)%	—
Interest income	3	7	(57.1)%	0.0%	0.0%
(Loss) income before income tax	(3,103)	(11,759)	73.6%	(3.6)%	(14.8)%
Income tax expense	60	42	(42.9)%	0.1%	0.1%
Net (loss) income	<u>\$ (3,163)</u>	<u>\$ (11,801)</u>	<u>73.2%</u>	<u>(3.7)%</u>	<u>(14.8)%</u>

* NM = Not Meaningful

Revenue, Cost of Revenue and Gross Margin. Product revenue increased by 4.9%, or \$2.7 million, for fiscal 2026 versus fiscal 2025. Service revenue increased by 15.5%, or \$3.9 million, for fiscal 2026 versus fiscal 2025. The increase in product revenue was primarily due to an increase in the maintenance segment along with the contract modification of our solar agreement leading to additional recognized revenue. The increase in service revenue was due to an increase in projects in our lighting segment. Cost of product revenue decreased by 1.1%, or \$0.4 million, in fiscal 2026 versus the comparable period in fiscal 2025. Cost of service revenue decreased by 3.8%, or \$0.8 million, in fiscal 2026 versus fiscal 2025. The decreases were primarily due to the cost savings initiatives put into place in fiscal 2025. Gross margin increased to 32.6% of revenue in fiscal 2026 from 25.4% in fiscal 2025, due primarily to a more favorable sales mix along with better overall margins in the lighting and EV segments.

Operating Expenses

General and Administrative. General and administrative expenses increased 3.8%, or \$0.7 million, in fiscal 2026 compared to fiscal 2025. This comparative increase was primarily due to earnout compensation costs, sign-on bonus costs and disposal of solar assets costs, which were partially offset by a reduction in workforce related to restructuring that occurred in the first half of fiscal 2025.

Sales and Marketing. Our sales and marketing expenses decreased 12.9%, or \$1.5 million, in fiscal 2026 compared to fiscal 2025. The decrease was primarily due to decreases in employment costs throughout fiscal 2026.

Research and Development. Research and development expenses decreased 23.1%, or \$0.3 million, in fiscal 2026 compared to fiscal 2025 primarily due to a decrease in employment costs.

Interest Expense. Interest expense in fiscal 2026 decreased by \$0.2 million to \$0.8 million primarily due to lower outstanding amounts on the line of credit throughout fiscal 2026.

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. Our lighting segment sells through ESCOs, Lighting Agents, Distributors and direct (turnkey) to end users.

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

	Fiscal Year Ended March 31,	
	2026	2025
Revenues	\$ 55,880	\$ 47,704
Operating (loss) income	\$ 2,175	\$ (2,765)
Operating margin	3.9%	(5.8)%

Fiscal 2026 Compared to Fiscal 2025

Lighting segment revenue increased in fiscal 2026 by 17.1%, or \$8.2 million, and operating income increased \$4.9 million, compared to fiscal 2025, due to increased project volumes in fiscal 2025 along with the recognition of solar revenue due to the contract modification in March of 2026. This increase in revenues led to a corresponding operating income increase in this segment, along with increased project margins.

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):

	Fiscal Year Ended March 31,	
	2026	2025
Revenues	\$ 16,042	\$ 15,190
Operating (loss) income	\$ 1,166	\$ (1,188)
Operating margin	7.3%	(7.8)%

Fiscal 2026 Compared to Fiscal 2025

Maintenance segment revenue increased \$0.9 million, or 5.6%, in fiscal 2026 compared to fiscal 2025 primarily due to increased projects for a large customer. As a result, operating income increased \$2.4 million in fiscal 2026 compared to fiscal 2025 primarily due to better project margins throughout the segment.

EV Segment

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

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

	Fiscal Year Ended March 31,	
	2026	2025
Revenues	\$ 14,384	\$ 16,826
Operating loss	\$ (648)	\$ (2,356)
Operating margin	(4.5)%	(14.0)%

Fiscal 2026 Compared to Fiscal 2025

EV segment revenue decreased 14.5%, or \$2.4 million, in fiscal 2026 compared to fiscal 2025 primarily due to project delays. EV segment operating loss decreased \$1.7 million, or 72.5%, in fiscal 2026 compared to fiscal 2025 primarily due to a more beneficial sales mix leading to higher margins.

Liquidity and Capital Resources

Overview

We had \$3.3 million in cash and cash equivalents as of March 31, 2026, compared to \$6.0 million at March 31, 2025. Our cash position decreased due to the results in our operations, satisfaction of the final Voltrek earnout obligation and paydown of our Credit Facility. These decreases were partially offset by net proceeds from our February 2026 underwritten public stock offering of approximately \$6.4 million.

As of March 31, 2026, our borrowing base supported \$15.6 million of availability under our credit facility, with \$3.0 million drawn against that availability. As of March 31, 2025, our borrowing base supported \$15.0 million of availability under our credit facility, with \$7.0 million drawn against that availability.

Additional information on our credit agreement can be found in the “Indebtedness” section located below.

In March 2023, we filed a universal shelf registration statement with the Securities and Exchange Commission. Under our shelf registration statement, we currently have the flexibility to publicly offer and sell from time to time debt and/or equity securities. The filing of the shelf registration statement may help facilitate our 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. Based on

our current market capitalization, we are subject to the "baby-shelf" rule which limits the amount of securities that can be issued at any given time.

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

In April 2024, we and our lender executed Amendment No.2 to our credit agreement to add a \$3.5 million term loan to the credit facility. The amendment also expanded the pool of eligible receivables to include government receivables in the calculation of the borrowing base. See Note 12 - Debt to our accompanying audited consolidated financial statements for more information.

In October 2024, we and our lender executed Amendment No.3 to our credit agreement to extend the maturity date of the Credit Facility from December 29, 2025 to June 30, 2027.

On September 30, 2025, we and our lender executed Amendment No. 4 to our credit agreement, pursuant to which Bank of America consented to certain subordinated liens we granted in favor of Final Frontier and consented to the Remaining Earnout Amount (as defined herein) evidenced by the Subordinated Loan Agreement (as defined herein), subject to certain limitations, and to permit us to make cash interest and principal payments to Final Frontier as set forth in the Subordinated Loan Agreement. On March 18, 2026, the Subordinated Loan Agreement was terminated and cancelled, and all related liens and security interests held by Final Frontier on our assets were automatically terminated and irrevocably released.

On May 29, 2026, we and our lender executed Amendment No. 5 to our credit agreement to extend the maturity date of the Credit Facility from June 30, 2027 to June 30, 2030.

We regularly explore various alternative sources of liquidity to help ensure that we will have the best allocation of invested capital to satisfy our working capital needs.

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, 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 during the next 12 months and beyond based on our current cash flow forecast, there can be no assurance to that effect. 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 our fiscal 2026, fiscal 2025 and fiscal 2024:

	Fiscal Year Ended March 31,		
	2026	2025	2024
	(in thousands)		
Operating activities	\$ (1,079)	\$ 599	\$ (10,092)
Investing activities	(86)	128	(731)
Financing activities	(1,542)	90	(14)
(Decrease) increase in cash and cash equivalents	<u>\$ (2,707)</u>	<u>\$ 817</u>	<u>\$ (10,837)</u>

Cash Flows Related to Operating Activities. Cash used in operating activities for fiscal 2026 was \$1.1 million and consisted of our net loss of \$3.2 million adjusted for non-cash expense items and net cash provided by changes in operating assets of \$2.1 million, the largest of which was an increase of \$3.5 million in accounts receivable, a \$3.1 million increase in revenue earned but not billed, an increase of \$2.2 million in accounts payable, and an increase of \$1.3 million in accrued expenses and other.

Cash provided by operating activities for fiscal 2025 was \$0.6 million and consisted of our net loss of \$11.8 million adjusted for non-cash expense items and net cash provided by changes in operating assets of \$12.4 million, the largest of which was a decrease of \$6.1 million in inventories, a \$5.1 million decrease in accounts payable, and an increase of \$1.9 million in accrued expenses.

Cash used in operating activities for fiscal 2024 was \$10.1 million and consisted of our net loss of \$11.7 million adjusted for non-cash expense items and net cash used in changes in operating assets of \$1.6 million, the largest of which was a \$5.0 million increase in accounts payable, an increase of \$3.2 million in revenue earned but not billed, and a \$2.3 million decrease in accrued liabilities.

Cash Flows Related to Investing Activities. Cash used in investing activities in fiscal 2026 was \$0.1 million and consisted primarily of purchases of property and equipment.

Cash provided by investing activities in fiscal 2025 was \$0.1 million and consisted primarily of \$0.2 million of sales of property and equipment and \$0.1 million of purchases of property and equipment.

Cash used in investing activities in fiscal 2024 was \$0.7 million and consisted primarily of \$0.8 million of purchases of property and equipment.

Cash Flows Related to Financing Activities. Cash used in financing activities in fiscal 2026 was \$1.5 million and consisted primarily of payment of long-term debt and paying down the line of credit. These payments were partially offset by proceeds from a public stock issuance along with a draw on the line of credit.

Cash provided by financing activities in fiscal 2025 was \$0.1 million and consisted primarily of proceeds from the term loan that originated in the first quarter of fiscal 2025, which was partially offset by payments on the revolving credit facility.

Cash used in financing activities in fiscal 2024 was \$14 thousand.

Working Capital

Our net working capital as of March 31, 2026 was \$11.0 million, consisting of \$37.7 million of current assets and \$26.7 million of current liabilities. Our net working capital as of March 31, 2025 was \$8.7 million, consisting of \$35.5 million of current assets and \$26.8 million of current liabilities. The change was primarily due to an increase in accounts receivable, revenue earned but not billed, and decreases in our revolving line of credit and accrued expenses and other.

Our net working capital as of March 31, 2025 was \$8.7 million, consisting of \$35.5 million of current assets and \$26.8 million of current liabilities. Our net working capital as of March 31, 2024 was \$16.7 million, consisting of \$44.8 million of current assets and \$28.1 million of current liabilities. The change was primarily due to a decrease in inventories along with a decrease in accounts payable.

We generally attempt to maintain 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.

Indebtedness

Revolving Credit Agreement

Our credit agreement provides for a five-year \$25.0 million revolving credit facility (the “Credit Facility”) that now matures on June 30, 2030. Borrowings under the Credit Facility are subject to a borrowing base requirement based on eligible receivables, inventory and cash. As of March 31, 2026, the borrowing base supported approximately \$15.6 million of availability under the Credit Facility with \$3.0 million drawn against that availability. As of March 31, 2025, the borrowing base supported approximately \$15.0 million of availability under the Credit Facility with \$7.0 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 \$4.0 million of the committed facility. Currently, the required springing minimum fixed cost coverage ratio is not required.

The credit agreement also contains customary events of default and other covenants, including certain restrictions on 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 our 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.

Effective October 30, 2024, we and our lender, executed Amendment No. 3 ("Amendment No. 3") to our 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.

On September 30, 2025, we and our lender executed Amendment No. 4 to our credit agreement, pursuant to which Bank of America consented to certain subordinated liens we granted in favor of Final Frontier and consented to the Remaining Earnout Amount evidenced by the Subordinated Loan Agreement, subject to certain limitations, and to permit us to make cash interest and principal payments to Final Frontier as set forth in the Subordinated Loan Agreement. On March 18, 2026, the Subordinated Loan Agreement was terminated and cancelled, and all related liens and security interests held by Final Frontier on our assets were automatically terminated and irrevocably released.

On March 17, 2026, we entered into the Settlement Agreement with Final Frontier and the Connors Parties, in order to reach a final and complete resolution and settlement of the dispute between the Connors Parties and us regarding our remaining earnout obligations owed to Final Frontier pursuant to the MIPA, pursuant to which we acquired Voltrek, as well as to reach a final and complete resolution and settlement of related arbitrations and terminate related agreements, as described below.

Under the terms of the Settlement Agreement, we made a one-time cash payment of the Settlement Amount to Final Frontier on March 18, 2026. Upon receipt of the Settlement Amount, all earn out payment obligations, the MIPA, all related earnout agreements, including the Subordinated Loan Agreement, the CPA Firm Arbitration and the AAA Arbitration proceedings were terminated, cancelled and released, and all liens and security interests held by Final Frontier on our assets were automatically terminated and irrevocably released. Additionally, upon payment of the Settlement Amount, we and the Connors Parties exchanged mutual general releases of all claims arising from or related to the earn out disputes, the CPA Firm Arbitration and the AAA Arbitration proceedings, the MIPA and the related earnout agreements. The releases did not affect Ms. Connors' then part-time employment relationship with us or the Connors Parties' rights as our shareholders. We also agreed to facilitate the Connors Parties' entry into a Rule 10b5-1 trading plan during our next insider open window period to facilitate the Connors Parties' sale of their shares of our common stock.

On May 29, 2026, we and our lender executed Amendment No. 5 to our credit agreement to extend the maturity date of the Credit Facility from June 30, 2027 to June 30, 2030.

Public Offering

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

Capital Spending

Our capital expenditures are primarily for general corporate purposes for our corporate headquarters and technology center, production equipment and tooling and for information technology systems. Our capital expenditures totaled \$0.1 million in fiscal 2026, \$0.1 million in fiscal 2025 and \$0.8 million in fiscal 2024. Our capital spending plans predominantly consist of investments related to maintenance fleet vehicles, new product development tooling and equipment and information technology systems, exclusive of any capital spending for potential acquisitions. We expect to finance these capital expenditures primarily through our existing cash, equipment secured loans and leases, to the extent needed, long-term debt financing, or by using our Credit Facility. As discussed in Item 1A. Risk Factors, we will be commencing implementation efforts of a new ERP system in fiscal 2027, with an expected go-live date at the beginning of the second quarter of fiscal 2027. The expected cost for the project is approximately \$2.0 million.

Critical Accounting 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, collectability of receivables, stock-based compensation, warranty reserves and income taxes. 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 estimates is set forth below.

Revenue Recognition. We recognize revenue in accordance with the guidance in “Revenue from Contracts with Customers” (Topic 606) (“ASC 606”) when control of the goods or services being provided (which we refer to as a performance obligation) is transferred to a customer at an amount that reflects the consideration we expect to receive in exchange for those goods or services.

If there are multiple performance obligations in a single contract, the contract’s total transaction price per GAAP is allocated to each individual performance obligation based on their relative standalone selling price. A performance obligation’s standalone selling price is the price at which we would sell such promised good or service separately to a customer. We use an observable price to determine the stand-alone selling price for separate performance obligations or an expected cost-plus margin per GAAP approach when one is not available. When the expected cost-plus margin approach is used to determine the estimated stand-alone selling price it is based on average historical margins for that performance obligation in contracts with similar customers.

Revenue derived from customer contracts which include performance obligation(s) for the sale of lighting fixtures and components we manufacture, lighting fixtures we source, and EV charging stations and related software and warranty arrangements we source, are classified as product revenue in the consolidated statements of operations. The revenue for these transactions is recorded at the point in time when management believes that the customer obtains control of the products, generally either upon shipment or upon delivery to the customer’s facility. This point in time is determined separately for each contract and requires judgment by management of the contract terms and the specific facts and circumstances concerning the transaction.

Revenue from a customer contract which includes both the sale of our manufactured or sourced fixtures and the installation of such fixtures (which we refer to as a turnkey project) is allocated between each lighting fixture and the installation performance obligation based on relative standalone selling prices.

Revenue from turnkey projects that is allocated to the single installation performance obligation is reflected in Service revenue. Service revenue is recorded over-time as we fulfill our obligation to install the light fixtures. We measure our performance toward fulfilling our performance obligations for installations using an output method that calculates the number of light fixtures completely removed and installed as of the measurement date in comparison to the total number of light fixtures to be removed and installed under the contract.

Revenue from the maintenance offering that includes both the sale of our 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 consolidated statement of operations.

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 consolidated statement of operations.

Inventories, Net. Inventories consist of raw materials and components, such as drivers, metal sheet and coil stock and molded parts; work in process inventories, such as frames and reflectors; and finished goods, including completed fixtures and systems, and accessories. All inventories are stated at the lower of cost or net realizable value with cost determined using the first-in, first-out (FIFO) method. In determining the lower of cost or net realizable value, we consider assumptions such as business and economic conditions, expected demand for our products, changes in technology or customer requirements, recent historical sales activity (including usage in the preceding 9 to 12 months) and selling prices, as well as estimates of future selling prices. When the net realizable value of inventories exceeds the carrying value, we record, as a charge to cost of product revenue, the amount required to reduce the carrying value of inventory to net realizable value.

Recoverability of Long-Lived Assets. We evaluate long-lived assets such as property, equipment and definite lived intangible assets, such as patents, for impairment whenever events or circumstances indicate that the carrying value of the assets recognized in our financial statements may not be recoverable. Factors that we consider include whether there has been a significant decrease in the market value of an asset, a significant change in the way an asset is being utilized, or a significant change, delay or departure in our strategy for that asset, or a significant change in the macroeconomic environment. Our assessment of the recoverability of long-lived assets involves significant judgment and estimation. These assessments reflect our assumptions, which, we believe, are consistent with the assumptions hypothetical marketplace participants use. Factors that we must estimate when performing recoverability and impairment tests include, among others, forecasted revenue, margin costs and the economic life of the asset. If impairment is indicated, we determine if the total estimated future cash flows on an undiscounted basis are less than the carrying amounts of the asset or assets. If so, an impairment loss is measured and recognized.

Our impairment loss calculations require that we apply judgment in identifying asset groups, estimating future cash flows, determining asset fair values, and estimating asset's useful lives. To make these judgments, we may use internal discounted cash flow estimates, quoted market prices, when available, and independent appraisals, as appropriate, to determine fair value.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be required to recognize future impairment losses which could be material to our results of operations.

Indefinite Lived Intangible Assets and Goodwill. We test indefinite lived intangible assets and goodwill for impairment at least annually on the first day of our fiscal fourth quarter, or when indications of potential impairment exist. We monitor for the existence of potential impairment indicators throughout the fiscal year. Our annual impairment test may begin with a qualitative test to determine whether it is more likely than not that an indefinite lived intangible asset's carrying value is greater than its fair value. If our qualitative assessment reveals that asset impairment is more likely than not, we perform a quantitative impairment test by comparing the fair value of the indefinite lived intangible asset to its carrying value. Alternatively, we may bypass the qualitative test and initiate impairment testing with the quantitative impairment test.

We perform a qualitative assessment in conjunction with our annual impairment test of our indefinite lived intangible assets and goodwill as of January 1, 2026. This qualitative assessment considered our operating results for the first nine months of fiscal 2026 in comparison to prior years as well as our anticipated fourth quarter results and fiscal 2026 plan. As a result of the conditions that existed as of the assessment date, an asset impairment was not deemed to be more likely than not and a quantitative analysis was not required.

We performed a qualitative assessment in conjunction with our annual impairment test of our indefinite lived intangible assets and goodwill as of January 1, 2025. This qualitative assessment considered our operating results for the first nine months of fiscal 2025 in comparison to prior years as well as our anticipated fourth quarter results and fiscal 2025 plan. As a result of the conditions that existed as of the assessment date, an asset impairment was not deemed to be more likely than not and a quantitative analysis was not required.

Stock-Based Compensation. We currently issue time-based and performance-based restricted stock awards to our employees, consultants, executive officers and directors. In fiscal 2026, we also issued stock options to certain employees, consultants, and executive officers. We apply the provisions of ASC 718, *Compensation - Stock Compensation*, to these restricted stock and stock option awards which requires us to expense the estimated fair value of the awards based on the fair value of the award on the date of grant. Additionally, it is necessary to estimate the achievement of the performance-based awards to ensure the expense remains accurate. Compensation costs for equity incentives are recognized in earnings, on a straight-line basis over the requisite service period.

Accounting for Income Taxes. As part of the process of preparing our consolidated financial statements, we are required to determine our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax expenses, together with assessing temporary differences resulting from recognition of items for income tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must reflect this increase as an expense within the tax provision in our statements of operations.

Our judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities, and any valuation allowance recorded against our net deferred tax assets. We continue to monitor the realizability of our deferred tax assets and adjust the valuation allowance accordingly. During fiscal 2023, we established a full valuation allowance on our net deferred tax assets due to end of the period of sustained profitability. In making these determinations, we considered all available positive and negative evidence, including projected future taxable income, tax planning strategies, recent financial performance and ownership changes.

We believe that past issuances and transfers of our stock caused an ownership change in fiscal 2007 that affected the timing of the use of our net operating loss carry-forwards, but we do not believe the ownership change affects the use of the full amount of the net operating loss carry-forwards. As a result, our ability to use our net operating loss carry-forwards attributable to the period prior to such ownership change to offset taxable income will be subject to limitations in a particular year, which could potentially result in increased future tax liability for us.

As of March 31, 2026, we had net operating loss carryforwards of approximately \$87.2 million for federal tax purposes, \$73.4 million for state tax purposes, and \$0.6 million for foreign tax purposes.

We also had federal tax credit carryforwards of \$1.1 million and state tax credit carryforwards of \$0.1 million, which are reserved for as part of our valuation allowance. Of these tax attributes, \$37.8 million of the federal and state net operating loss carryforwards are not subject to time restrictions on use but may only be used to offset 80% of future adjusted taxable income. The \$123.4 million net operating loss and tax credit carryforwards will begin to expire in varying amounts between 2026 and 2056.

We recognize penalties and interest related to uncertain tax liabilities in income tax expense. Penalties and interest were immaterial as of the date of adoption and are included in unrecognized tax benefits.

By their nature, tax laws are often subject to interpretation. Further complicating matters is that in those cases where a tax position is open to interpretation, differences of opinion can result in differing conclusions as to the amount of tax benefits to be recognized under Financial Accounting Standards Board ("FASB") ASC 740, Income Taxes. ASC 740 utilizes a two-step approach for evaluating tax positions. Recognition (Step 1) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement (Step 2) is only addressed if Step 1 has been satisfied. Under Step 2, the tax benefit is measured as the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon ultimate settlement. Consequently, the level of evidence and documentation necessary to support a position prior to being given recognition and measurement within the financial statements is a matter of judgment that depends on all available evidence. As of March 31, 2026, the balance of gross unrecognized tax benefits was approximately \$0.2 million, all of which would reduce our effective tax rate if recognized. We believe that our estimates and judgments discussed herein are reasonable, however, actual results could differ, which could result in gains or losses that could be material.

Recent Accounting Pronouncements

See Note 2 – Summary of Significant Accounting Policies to our accompanying audited consolidated financial statements for a full description of recent accounting pronouncements including the respective expected dates of adoption and expected effects on results of operations and financial condition.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

Market risk is the risk of loss related to changes in market prices, including interest rates, foreign exchange rates and commodity pricing that may adversely impact our consolidated financial position, results of operations or cash flows.

Inflation. We have experienced increases in various input costs including labor, components and transportation in the past year. In response, we have implemented multiple price increases, and we have substantially mitigated the inflationary pressures, such that our results from operations have not been materially affected by inflation. We are monitoring input costs and cannot currently predict the future impact to our operations by inflation.

Foreign Exchange Risk. We face minimal exposure to adverse movements in foreign currency exchange rates. Our foreign currency losses for all reporting periods have been nominal.

Interest Rate Risk. We do not believe that we are subject to any material risks arising from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices or other market changes that affect market risk sensitive instruments. It is our policy not to enter into interest rate derivative financial instruments. As a result, we do not currently have any significant interest rate exposure.

As of March 31, 2026, we had \$6.0 million of outstanding debt with floating interest rates.

Commodity Price Risk. We are exposed to certain commodity price risks associated with our purchases of raw materials, most significantly our aluminum purchases. During fiscal 2026, we have experienced commodity price increases; however, as of the date of this report, we are not able to predict the future impact of this risk. A hypothetical additional 20% increase in aluminum prices would have had a negative impact of \$0.9 million on our net loss in fiscal 2026.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Orion Energy Systems, Inc.
Manitowoc, Wisconsin

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Orion Energy Systems, Inc. (the “Company”) as of March 31, 2026 and 2025, the related consolidated statements of operations, shareholders’ equity, and cash flows for each of the three years in the period ended March 31, 2026, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2026, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Inventory - Valuation

As described in Note 2 to the Company’s consolidated financial statements, the Company reports inventory using the first-in, first-out (FIFO) method. The Company records the amount required to reduce the carrying value of its inventories to net realizable value as a charge to cost of product revenue. As of March 31, 2026, the Company had inventories, net of approximately \$10.3 million.

We identified Inventory Valuation as a critical audit matter. The principal considerations for this determination were management’s judgments utilized to determine the net realizable value of inventory, specifically the assumptions related to the recent historical sales activity (including usage in the preceding 9 to 12 months) and expected demand for the products. Auditing these elements involved especially subjective auditor judgment due to the nature and extent of audit effort required to address this matter.

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

- Assessing the reasonableness of management's assumptions over historical sales activity, including testing the completeness and accuracy of underlying data and corroborating management's considerations of usage trends during the preceding 9 to 12 months, on a sample basis.
- Assessing the reasonableness of management's assumptions over expected demand for products, by comparing parts identified for substitutions when applicable and testing usage subsequent to year-end and other subsequent transactions, on a sample basis.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2011.

Milwaukee, Wisconsin

June 4, 2026

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)	March 31,	
	2026	2025
Assets		
Cash and cash equivalents	\$ 3,265	\$ 5,972
Accounts receivable, net	16,340	12,845
Revenue earned but not billed	6,409	3,350
Inventories, net	10,304	11,392
Prepaid expenses and other current assets	1,364	1,939
Total current assets	37,682	35,498
Property and equipment, net	6,114	8,026
Goodwill	1,484	1,484
Other intangible assets, net	2,646	3,379
Other long-term assets, net	3,679	4,076
Total assets	<u>\$ 51,605</u>	<u>\$ 52,463</u>
Liabilities and Shareholders' Equity		
Accounts payable	\$ 15,451	\$ 13,272
Accrued expenses and other	10,728	12,728
Deferred revenue, current	155	491
Current maturities of long-term debt	353	353
Total current liabilities	26,687	26,844
Revolving credit facility	3,000	7,000
Long-term debt, less current maturities	2,619	2,971
Deferred revenue, long-term	-	337
Other long-term liabilities	2,671	3,427
Total liabilities	34,977	40,579
Commitments and contingencies (Note 14)		
Shareholders' equity:		
Preferred stock, \$0.01 par value: Shares authorized: 30,000,000 shares at March 31, 2026 and 2025; no shares issued and outstanding at March 31, 2026 and 2025	—	—
Common stock, no par value: Shares authorized: 20,000,000 at March 31, 2026 and 2025; shares issued: 4,819,013 and 4,247,023 at March 31, 2026 and 2025; shares outstanding: 4,056,528 and 3,298,389 at March 31, 2026 and 2025	—	—
Additional paid-in capital	169,646	163,025
Treasury stock: 762,485 and 948,634 common shares at March 31, 2026 and 2025	(34,962)	(36,248)
Accumulated deficit	(118,056)	(114,893)
Total shareholders' equity	16,628	11,884
Total liabilities and shareholders' equity	<u>\$ 51,605</u>	<u>\$ 52,463</u>

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

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)	Fiscal Year Ended March 31,		
	2026	2025	2024
Product revenue	\$ 57,029	\$ 54,368	\$ 63,307
Service revenue	29,277	25,352	27,274
Total revenue	86,306	79,720	90,581
Cost of product revenue	36,893	37,319	44,466
Cost of service revenue	21,320	22,165	25,204
Total cost of revenue	58,213	59,484	69,670
Gross profit	28,093	20,236	20,911
Operating expenses:			
General and administrative	18,691	18,008	16,740
Impairment on intangibles	—	—	456
Acquisition related costs	—	—	56
Sales and marketing	10,099	11,595	12,988
Research and development	945	1,229	1,495
Total operating expenses	29,735	30,832	31,735
Loss from operations	(1,642)	(10,596)	(10,824)
Other income (expense):			
Other income	51	62	39
Interest expense	(783)	(1,026)	(752)
Amortization of debt issue costs	(170)	(206)	(95)
Loss on debt extinguishment	(562)	—	—
Interest income	3	7	2
Total other expense	(1,461)	(1,163)	(806)
Loss before income tax	(3,103)	(11,759)	(11,630)
Income tax expense	60	42	41
Net loss	<u>\$ (3,163)</u>	<u>\$ (11,801)</u>	<u>\$ (11,671)</u>
Basic net loss per share attributable to common shareholders	\$ (0.89)	\$ (3.59)	\$ (3.59)
Weighted-average common shares outstanding	3,560,671	3,282,947	3,248,624
Diluted net loss per share	\$ (0.89)	\$ (3.59)	\$ (3.59)
Weighted-average common shares and share equivalents outstanding	3,560,671	3,282,947	3,248,624

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

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
STATEMENTS OF SHAREHOLDERS' EQUITY

	Shareholders' Equity				
	Common Stock				Total Shareholders' Equity
(in thousands, except share amounts)	Shares	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	
Balance, March 31, 2023	3,229,541	\$ 160,907	\$ (36,237)	\$ (91,421)	\$ 33,249
Issuance of stock and shares for services	1,132	12	—	—	12
Shares issued under Employee Stock Purchase Plan	282	—	4	—	4
Stock-based compensation	26,055	950	—	—	950
Employee tax withholdings on stock-based compensation	(235)	—	(2)	—	(2)
Net loss	—	—	—	(11,671)	(11,671)
Balance, March 31, 2024	3,256,775	161,869	(36,235)	(103,092)	22,542
Shares issued under Employee Stock Purchase Plan	193	—	2	—	2
Stock-based compensation	43,126	1,156	—	—	1,156
Employee tax withholdings on stock-based compensation	(1,705)	—	(15)	—	(15)
Net loss	—	—	—	(11,801)	(11,801)
Balance, March 31, 2025	3,298,389	163,025	(36,248)	(114,893)	11,884
Public stock offering, net of issuance costs	500,000	6,138	—	—	6,138
Issuance of stock for earnout payment	164,908	—	1,000	—	1,000
Issuance of stock for sign on bonus	21,166	—	300	—	300
Shares issued under Employee Stock Purchase Plan	75	—	1	—	1
Stock-based compensation	73,336	483	—	—	483
Employee tax withholdings on stock-based compensation	(1,346)	—	(15)	—	(15)
Net loss	—	—	—	(3,163)	(3,163)
Balance, March 31, 2026	4,056,528	\$ 169,646	\$ (34,962)	\$ (118,056)	\$ 16,628

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

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Fiscal Year Ended March 31,		
	2026	2025	2024
Operating activities			
Net loss	\$ (3,163)	\$ (11,801)	\$ (11,671)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	1,784	2,619	2,590
Stock-based compensation	483	1,157	950
Loss on debt extinguishment	562	—	—
Deferred taxes and impairment of property and equipment	5	27	64
Loss on asset disposals	1,118	91	84
Provision for inventory reserves	461	552	562
Provision for credit losses	12	378	170
Other	(6)	197	468
Changes in operating assets and liabilities:			
Accounts receivable	(3,507)	800	(464)
Revenue earned but not billed	(3,059)	1,189	(3,219)
Inventories	627	6,106	(603)
Prepaid expenses and other assets	802	2,324	(1,384)
Accounts payable	2,179	(5,078)	4,990
Accrued expenses and other liabilities	1,296	1,883	(2,334)
Deferred revenue, current and long-term	(673)	155	(295)
Net cash provided by (used in) operating activities	(1,079)	599	(10,092)
Investing activities			
Purchase of property and equipment	(83)	(99)	(837)
Additions to patents and licenses	(3)	(6)	—
Proceeds from sales of property and equipment	—	233	106
Net cash provided by (used in) investing activities	(86)	128	(731)
Financing activities			
Payment of long-term debt	(3,403)	(206)	(15)
Proceeds from revolving credit facility	4,250	500	—
Payment of revolving credit facility	(8,250)	(3,500)	—
Proceeds from long-term debt	—	3,525	—
Unamortized debt issuance cost write-off	(180)	—	—
Issuance of treasury stock	300	—	—
Proceeds from public stock offering, net of issuance costs	6,138	—	—
Payments to settle employee tax withholdings on stock-based compensation	(11)	—	(2)
Debt issue costs	(383)	(216)	—
Proceeds from employee equity exercises	(3)	(13)	3
Net cash provided by (used in) financing activities	(1,542)	90	(14)
Net increase (decrease) in cash and cash equivalents	(2,707)	817	(10,837)
Cash and cash equivalents at beginning of period	5,972	5,155	15,992
Cash and cash equivalents at end of period	<u>\$ 3,265</u>	<u>\$ 5,972</u>	<u>\$ 5,155</u>
Supplemental cash flow information:			
Cash paid for interest	\$ (758)	\$ (962)	\$ (691)
Cash paid for income taxes	\$ (36)	\$ (26)	\$ (59)
Supplemental disclosure of non-cash investing and financing activities:			
Operating lease assets obtained in exchange for new operating lease liabilities	\$ —	\$ 2,661	\$ —
Issuance of common stock to Final Frontier, LLC as partial payment of earnout obligation	\$ 1,000	\$ —	\$ —
Issuance of subordinated debt for earnout obligation	\$ 3,051	\$ —	\$ —

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

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO 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 stations and related installation services to commercial and industrial businesses, and federal and local governments, predominantly in North America.

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

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Use of Estimates

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

Cash and Cash Equivalents

Orion considers all highly liquid, short-term investments with original maturities of three months or less to be cash equivalents.

Fair Value of Financial Instruments

Orion's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other, revolving credit facility and debt. In addition, other long-term assets, net includes an equity investment of \$0.5 million that is carried at cost less impairment, of which there has been no impairment as of March 31, 2026, 2025, and 2024. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP describes a fair value hierarchy based on the following three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

Level 1 — Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 — Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 — Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

The carrying amounts of Orion's financial instruments and debt approximate their respective fair values due to the relatively short-term nature of these instruments. Orion's debt is considered Level 2 and is reflected in the consolidated balance sheets at carrying value, which approximate fair value because the stated interest rates are similar to interest rates currently available to Orion for similar obligations.

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. Orion also considers customer-specific information, current market conditions, and reasonable and supportable forecasts of future economic conditions.

Inventories, Net

Inventories consist of raw materials and components, such as drivers, metal sheet and coil stock and molded parts; work in process inventories, such as frames and reflectors; and finished goods, including completed fixtures and systems, and accessories. All inventories are stated at the lower of cost or net realizable value with cost determined using the first-in, first-out (FIFO) method. In determining the lower of cost or net realizable value, we consider assumptions such as business and economic conditions, expected demand for our products, changes in technology or customer requirements, recent historical sales activity (including usage in the preceding 9 to 12 months) and selling prices, as well as estimates of future selling prices. When the net realizable value of inventories exceeds the carrying value, Orion records, as a charge to Cost of product revenue, the amount required to reduce the carrying value of inventory to net realizable value.

Incentive Plan

Orion's human capital management and compensation committee annually approves an executive annual cash incentive program. Based upon the results for the fiscal years ended March 31, 2026, 2025, and 2024, Orion accrued approximately \$1.0 million, \$0.1 million and \$0.2 million expense related to these programs, respectively.

Revenue Recognition

Orion generates revenues primarily by selling commercial lighting fixtures and components, installing these fixtures in its customers' facilities, and providing maintenance services including repairs and replacements for the lighting and related electrical components deployed in its customer's facilities. Orion recognizes revenue in accordance with the guidance in "Revenue from Contracts with Customers" (Topic 606) (ASC 606) when control of the goods or services being provided (which Orion refers to as a performance obligation) is transferred to a customer at an amount that reflects the consideration that management expects to receive in exchange for those goods or services. Prices are generally fixed at the time of order confirmation, either for the contract as a whole or for the hourly rates that will be charged for the type of maintenance services delivered.

If there are multiple performance obligations in a single contract, the contract's total transaction price is allocated to each individual performance obligation based on their relative standalone selling price. A performance obligation's standalone selling price is the price at which Orion would sell such promised good or service separately to a customer. Orion uses an observable price to determine the stand-alone selling price for separate performance obligations or an expected cost-plus margin approach when one is not available. When the expected cost-plus margin approach is used to determine the estimated stand-alone selling price it is based on average historical margins for that performance obligation in contracts with similar customers.

Revenue derived from customer contracts which include only performance obligation(s) for the sale of Orion manufactured or sourced lighting fixtures and components is classified as Product revenue in the consolidated statements of operations. The revenue for these transactions is recorded at the point in time when management believes that the customer obtains control of the products, generally either upon shipment or upon delivery to the customer's facility. This point in time is determined separately for each contract and requires judgment by management of the contract terms and the specific facts and circumstances concerning the transaction.

Revenue from a customer contract, which includes both the sale of Orion manufactured or sourced fixtures and the installation of such fixtures (which Orion refers to as a turnkey project), is allocated between each lighting fixture and the installation performance obligation based on relative standalone selling prices.

Revenue from turnkey projects that is allocated to the sale of the lighting fixtures is recorded at the point in time when management believes the customer obtains control of the product(s) and is reflected in Product revenue. This point in time is determined separately for each customer contract based upon the terms of the contract and the nature and extent of Orion's control of the light fixtures during the installation. Product revenue associated with turnkey projects can be recorded (a) upon shipment or delivery, (b) subsequent to shipment or delivery and upon customer payments for the light fixtures, (c) when an individual light fixture is installed and working correctly, or (d) when the customer acknowledges that the entire installation project is substantially complete. Determining the point in time when a customer obtains control of the lighting fixtures in a turnkey project is applied separately for each individual light fixture included in a contract. In making this judgment, management considers the timing of various factors, including, but not limited to, those detailed below:

- when there is a legal transfer of ownership;
- when the customer obtains physical possession of the products;
- when the customer starts to receive the benefit of the products;
- the amount and duration of physical control that Orion maintains on the products after they are shipped to, and received at, the customer's facility;
- whether Orion is required to maintain insurance on the lighting fixtures when they are in transit and after they are delivered to the customer's facility;
- when each light fixture is physically installed and working correctly;
- when the customer formally accepts the product; and
- when Orion receives payment from the customer for the light fixtures.

Revenue from turnkey projects that is allocated to the single installation performance obligation is reflected in Service revenue. Service revenue is recorded over-time as Orion fulfills its obligation to install the light fixtures. Orion measures its performance toward fulfilling its performance obligations for installations using an output method that calculates the number of light fixtures removed and installed as of the measurement date in comparison to the total number of light fixtures to be removed and installed under the contract.

Revenue from the 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 using the cost-plus margin approach, and is recorded in Product revenue and Service revenue, respectively, in the consolidated statement of operations.

Orion offers a financing program, called an Orion Throughput Agreement, or OTA, for a customer's lease of Orion's energy management systems. The OTA is structured as a sales-type lease and upon successful installation of the system and customer acknowledgment that the system is operating as specified, revenue is recognized at Orion's net investment in the lease, which typically is the net present value of the future cash flows.

Orion also records revenue in conjunction with limited power purchase agreements ("PPAs") still outstanding. Those PPAs are supply-side agreements for the generation of electricity. Orion's last PPA expires in 2031. Revenue associated with the sale of energy generated by the solar facilities under these PPAs is within the scope of ASC 606. Revenues are recognized over-time and are equal to the amount billed to the customer, which is calculated by applying the fixed rate designated in the PPAs to the variable amount of electricity generated each month. This approach is in accordance with the "right to invoice" practical expedient provided for in ASC 606. Orion also recognizes revenue upon the sale to third parties of tax credits received from operating the solar facilities and from amortizing a grant received from the federal government during the period starting when the power generating facilities were constructed until the expiration of the PPAs; these revenues are not derived from contracts with customers and therefore not under the scope of ASC

606. In March 2026, Orion executed a contract modification for its two remaining PPAs that immediately terminated the agreements and eliminated any remaining obligations with respect to those agreements. Orion recognized the \$1.3 million payment received as a contract modification in accordance with ASC 606 in the period of termination.

During the third quarter of fiscal 2023, Orion acquired Voltrek LLC ("Voltrek"), which sells and installs sourced electric vehicle charging stations and related software subscriptions and renewals. The results of Voltrek are included in the EV segment and compliment Orion's existing turnkey installation model.

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 using the cost-plus margin approach, and is recorded in Product revenue and Service revenue, respectively, in the consolidated statement of operations.

From time to time, the EV segment enters into bill and hold arrangements, whereby the Company sells EV charging stations and the charging stations are warehoused at a Company location for a specified period of time in accordance with directions received from the Company's customers. Even though the charging stations are held at a Company location, a sale is recognized at the point in time when the customer obtains control of the product. Control is transferred to the customer in a bill and hold arrangement when: customer acceptance specifications have been met, legal title has transferred, the customer has a present obligation to pay for the product and the risk and rewards of ownership have transferred to the customer. Additionally, all the following bill and hold criteria have been met in order for control to be transferred to the customer: the reason for the bill and hold arrangement is substantive -the customer has requested the product be warehoused, the product has been identified as separately belonging to the customer, the product is currently ready for physical transfer to the customer, and the Company does not have the ability to use the product or direct it to another customer.

See Note 10 – Accrued Expenses and Other for a discussion of Orion's accounting for the limited warranty it provides to customers for its products and services.

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

Contract Fulfillment Costs

Costs associated with product sales are accumulated in inventory as the fixtures are manufactured and are transferred to Cost of product revenue at the time revenue is recorded. See Note 5 – Inventories. Costs associated with installation sales are expensed as incurred.

Practical Expedients and Exemptions

Orion expenses sales commissions when incurred because the amortization period is one year or less. These costs are recorded within Sales and marketing expense. There are no other capitalizable costs associated with obtaining contracts with customers.

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

Orion also elected the practical expedient that permits companies to not disclose quantitative information about the future revenue when revenue is recognized as invoices are issued to customers for services performed.

Other than the turnkey projects which result in sales-type leases discussed above, Orion generally receives full payment for satisfied performance obligations in less than one year. Accordingly, Orion does not adjust revenues for the impact of any potential significant financing component as permitted by the practical expedients provided in ASC 606.

Shipping and Handling Costs

Orion records costs incurred in connection with shipping and handling of products as Cost of product revenue. Amounts billed to customers in connection with these costs are included in product revenue.

Research and Development

Orion expenses research and development costs as incurred. Amounts are included in the consolidated statement of operations on the line item Research and development.

Leases

From time to time, Orion leases assets from third parties. Orion also leases certain assets to third parties. Leases are accounted for, and reported upon, following the requirements of ASC 842.

Whether it is the lessee or the lessor, Orion's determination of whether a contract includes a lease, and assessing how the lease should be accounted for, is a matter of judgment based on whether the risks and rewards, as well as substantive control of the assets specified in the contract, have been transferred from the lessor to the lessee. The judgment considers matters such as whether the assets are transferred from the lessor to the lessee at the end of the contract, the term of the agreement in relation to the asset's remaining economic useful life, and whether the assets are of such a specialized nature that the lessor will not have an alternative use for such assets at the termination of the agreement. Other matters requiring judgment are the lease term when the agreement includes renewal or termination options and the interest rate used when initially determining the Right-of-Use (ROU) asset and lease liability.

ROU assets represent Orion's right to use an underlying asset for the lease term and lease liabilities represent Orion's obligation to make lease payments arising from the lease. 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. When available, Orion uses the implicit interest rate in the lease when completing this calculation. However, as most of Orion's operating lease agreements generating ROU assets do not provide the implicit rate, Orion's incremental borrowing rate under its Credit Facility, adjusted for differences in duration and the relative collateral value in relation to the payment obligation, at the commencement of the lease is generally used in this calculation. The lease term includes options to extend or renew the agreement, or for early termination of the agreement, when it is reasonably certain that Orion will exercise such option. ROU assets are depreciated using the straight-line method 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.

Intangible Assets

Intangible assets that have a definite life are evaluated for potential impairment whenever events or circumstances indicate that the carrying value may not be recoverable based primarily upon whether expected future undiscounted cash flows are sufficient to support the asset recovery. If the actual useful life of the asset is shorter than the estimated life, the asset may be deemed to be impaired and accordingly a write-down of the value of the asset determined by a discounted cash flow analysis or shorter amortization period may be required.

Indefinite lived intangible assets and goodwill are evaluated for impairment at least annually on the first day of Orion's fiscal fourth quarter, or when indications of potential impairment exist. This annual impairment review may begin with a qualitative test to determine whether it is more likely than not that an indefinite lived intangible asset's carrying value is greater than its fair value. If the qualitative assessment reveals that asset impairment is more likely than not, a quantitative impairment test is performed comparing the fair value of the indefinite lived intangible asset to its carrying value. Alternatively, the qualitative test may be bypassed and the quantitative impairment test may be immediately performed. If the fair value of the indefinite lived intangible asset exceeds its carrying value, the indefinite lived intangible asset is not impaired and no further review is performed. If the carrying value of the indefinite lived intangible asset exceeds its fair value, an impairment loss would be recognized in an amount equal to such excess. Once an impairment loss is recognized, the adjusted carrying value becomes the new accounting basis of the indefinite lived intangible asset.

Income Taxes

Orion recognizes deferred tax assets and liabilities for the future tax consequences of temporary differences between financial reporting and income tax basis of assets and liabilities, measured using the enacted tax rates and laws expected to be in effect when the temporary differences reverse. Deferred income taxes also arise from the future tax benefits of operating loss and tax credit carryforwards. A valuation allowance is established when management determines that it is more likely than not that all or a portion of a deferred tax asset will not be realized.

ASC 740, Income Taxes, also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination. Orion has classified the amounts recorded for uncertain tax benefits in the balance sheet as other liabilities (non-current) to the extent that payment is not anticipated within one year. Orion recognizes penalties and interest related to uncertain tax liabilities in income tax expense.

Stock-based Compensation

Orion accounts for stock-based compensation in accordance with ASC 718, Compensation - Stock Compensation. Under the fair value recognition provisions of ASC 718, stock-based compensation is measured at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period. As more fully described in Note 16 – Restricted Shares, Orion currently awards non-vested restricted stock (and in some cases, in conjunction with associated cash award accounted for as a liability) to employees, executive officers and directors.

Concentration of Credit Risk and Other Risks and Uncertainties

Orion's cash is primarily deposited with one financial institution. At times, deposits in these institutions exceed 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 fiscal 2026, 2025 and 2024, no supplier accounted for more than 10% of total cost of revenue.

In fiscal 2026, one customer accounted for 26.0% of revenue. In fiscal 2025, one customer accounted for 18.1% of total revenue. In fiscal 2024, one customer accounted for 25.6% of total revenue. The revenue from this customer is recorded in Orion's lighting and maintenance segments.

As of March 31, 2026, one customer accounted for 33.1% of accounts receivable. As of March 31, 2025, one customer accounted for 13.0% of accounts receivable.

Compliance with the Continued Listing Standards of the Nasdaq Capital Market ("NASDAQ") and Reverse Stock Split

As previously disclosed, on September 20, 2024, Orion received written notice from the Listing Qualifications Department (the “Staff”) of NASDAQ notifying Orion that it was not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550(a)(2) (the “Minimum Bid Price Rule”) for continued listing on NASDAQ, as the closing bid price of the Orion’s common stock had been below \$1.00 per share for 30 consecutive trading days.

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

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

Recent Accounting Pronouncements

Changes to GAAP are typically established by the Financial Accounting Standards Board (“FASB”) in the form of accounting standards updates (“ASUs”) to the FASB’s ASC. Orion considers the applicability and impact of all ASUs.

Recently Adopted Standards

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 adopted this standard on March 31, 2026, and it did not have a material effect on its results of operations, financial position, or cash flows. For additional information, see Note 13.

Issued: Not Yet Adopted

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

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

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

NOTE 3 — REVENUE

Disaggregation of Revenue

The primary end-users of Orion's lighting products and services are (a) the federal government, and (b) commercial or industrial companies.

The federal government obtains Orion products and services primarily through turnkey project sales that Orion makes to a select group of contractors who focus on the federal government. Revenues associated with government end-users are primarily included in the Orion lighting and EV segments.

Commercial or industrial end-users obtain Orion products and services through turnkey project sales or by purchasing products either direct from Orion or through distributors or energy service companies ("ESCOs"). Revenues associated with commercial and industrial end-users are included within each of Orion's segments.

See Note 17 - Segment Data, for additional discussion concerning Orion's reportable segments.

The following table provides detail of Orion's total revenues for the year ended March 31, 2026, 2025, and 2024 (dollars in thousands):

	Year Ended March 31, 2026			Year Ended March 31, 2025			Year Ended March 31, 2024		
	Product	Services	Total	Product	Services	Total	Product	Services	Total
Revenue from contracts with customers:									
Lighting product and installation	\$ 38,995	\$ 14,707	\$ 53,702	\$ 39,247	\$ 7,659	\$ 46,906	\$ 50,229	\$ 10,783	\$ 61,012
Maintenance services	7,293	8,749	16,042	5,902	9,288	15,190	4,687	12,460	17,147
Electric vehicle charging	8,563	5,821	14,384	8,421	8,405	16,826	8,301	4,031	12,332
Solar energy-related revenues	1,353	—	1,353	17	—	17	28	—	28
Total revenues from contracts with customers	56,204	29,277	85,481	53,587	25,352	78,939	63,245	27,274	90,519
Revenue accounted for under other guidance ⁽¹⁾	825	—	825	781	—	781	62	—	62
Total revenue	<u>\$ 57,029</u>	<u>\$ 29,277</u>	<u>\$ 86,306</u>	<u>\$ 54,368</u>	<u>\$ 25,352</u>	<u>\$ 79,720</u>	<u>\$ 63,307</u>	<u>\$ 27,274</u>	<u>\$ 90,581</u>

- (1) Revenue accounted for under other guidance is recognized as Product revenue in the consolidated statements of operations and includes \$0.4 million, \$0.7 million and \$0 million derived from sales-type leases for light fixtures for the fiscal years ended March 31, 2026, 2025, and 2024, respectively; \$0 million, \$0 million, and \$0.1 million derived from the sale of tax credits generated from Orion's legacy operation for distributing solar energy for the fiscal years ended March 31, 2026, 2025, and 2024, respectively; and \$0.4 million, \$0, and \$0 derived from the amortization of federal grants received in 2010 and 2011 as reimbursement for a portion of the costs to construct the legacy solar facilities for the fiscal years ended March 31, 2026, 2025, and 2024, respectively.

Bill and hold revenue that had not shipped was \$0 million and \$0.1 million as of March 31, 2026 and 2025, respectively.

Cash Flow Considerations

Material only orders are short-term in nature generally having terms of significantly less than one year. We record revenue from these contracts when the customer obtains control of those goods, which is generally consistent with the payment due date. There is not a significant impact on the nature, amount, timing, and uncertainty of revenue or cash flows based on when control transfers.

Turnkey projects and repair services provided to commercial or industrial companies typically span between one week to three months. Customer payment requirements for these projects vary by contract. Some contracts provide for customer payments for products and services as they are delivered, other contracts specify that the customer will pay for the project in its entirety upon completion of the installation.

Turnkey projects where the end-user is the federal government typically span a three to six-month period. The contracts for these sales often provide for monthly progress payments equal to ninety percent (90%) of the value provided by Orion during the month.

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 of the contract price, plus interest, over 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. The portion of the transaction associated with the sale of the multiple individual light fixtures is accounted for as sales-type leases in accordance with the guidance for leases. Revenues associated with the sales-type leases are included in Product revenue and recorded for each fixture separately based on the customer's monthly acknowledgment that specified fixtures have been installed and are operating as specified.

The payments associated with these transactions that are due during the twelve months subsequent to March 31, 2026 are included in Accounts receivable, net in Orion's consolidated balance sheets. The remaining amounts due that are associated with these transactions are included in Long-term accounts receivable in Orion's consolidated balance sheets. As of March 31, 2026 and 2025, there were no such transactions included in Long-term accounts receivable.

The customer's monthly payment obligation commences after completion of the turnkey project. Orion generally sells the receivable from the customer to a financial institution either during, or shortly after completion of, the installation period. Upon execution of the receivables purchase / sales agreement, all amounts due from the customer are included in Revenues earned but not billed on Orion's consolidated balance sheets until cash is received from the financial institution. The financial institution releases funds to Orion based on the customer's monthly acknowledgment of the progress Orion has achieved in fulfilling its installation obligation. Orion provides the progress certifications to the financial institution one month in arrears.

The total amount received from the sales of these receivables during the twelve months ended March 31, 2026, 2025, and 2024 was \$1.5 million, \$1.8 million and \$0 million, respectively. Orion's losses on these sales aggregated to \$0 million, \$0.1 million and \$0 million for the fiscal years ended March 31, 2026, 2025, and 2024, respectively, and are included in Interest expense in the Consolidated Statements of Operations.

Contract Balances

A receivable is recognized when Orion has an enforceable right to payment in accordance with contract terms and an invoice has been issued to the customer. Payment terms on invoiced amounts are typically 30 days from the invoice date.

Revenue earned but not billed represents revenue that has been recognized in advance of billing the customer, which is a common practice in Orion contracts for turnkey installations and repairs / replacement services. Once Orion has an unconditional right to consideration under these contracts, Orion typically bills the customer accordingly and reclassifies the amount to Accounts receivable, net. The change in contract assets is due to higher fiscal 2024 revenue and timing of project completions and invoicing.

Deferred revenue, current as of March 31, 2026, includes \$0.1 million of contract liabilities which represent consideration received from customers on which installation has not yet begun or is partially complete and Orion has not fulfilled its contractual obligations.

The amount of revenues recognized in the period that were included in the opening deferred revenue balances were \$0.4 million, \$0.1 million, and \$0.5 million for the years ended March 31, 2026, 2025, and 2024 respectively. This revenue consists primarily of work performed on previous billings to customers. The difference between the opening and closing balances of Orion's deferred revenue primarily results from the timing of Orion's billings in relation to the performance of work.

The following chart shows the balance of Orion's receivables arising from contracts with customers, contract assets and contract liabilities as of March 31, 2026, and March 31, 2025 (dollars in thousands):

	March 31, 2026	March 31, 2025	March 31, 2024
Accounts receivable, net	\$ 16,340	\$ 12,845	\$ 14,022
Revenue earned but not billed (1)	\$ 6,409	\$ 2,908	\$ 4,539
Deferred revenue (2)(3)	\$ 107	\$ 367	\$ 124

- (1) Within the revenue earned but not billed line on the consolidated balance sheet, \$0 million in fiscal 2026 and \$0.4 million in fiscal 2025 is accounted for as a sales type lease under ASC 842, Leases, and therefore has been excluded from this table since it is not considered a "contract asset", which is an asset defined by ASC 606.
- (2) Fiscal 2025 and 2024 included 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.
- (3) Fiscal 2026, 2025, and 2024 include revenue related to a patented technology related settlement. As the transaction is not considered a contract with a customer, this value is not a contract liability as defined by ASC 606.

NOTE 4 — ACCOUNTS RECEIVABLE

Orion's accounts receivable are due from companies in the commercial, governmental, industrial and agricultural industries, as well as wholesalers. Credit is extended based on an evaluation of a customer's financial condition. Generally, collateral is not required for end users; however, the payment of certain trade accounts receivable from wholesalers is secured by irrevocable standby letters of credit and/or guarantees. Accounts receivable are generally due within 30 days. Orion's accounts receivable and allowance for credit losses balances were as follows (dollars in thousands):

	2026	2025
Accounts receivable, gross	\$ 16,514	\$ 12,909
Allowance for credit losses	(174)	(64)
Accounts receivable, net	<u>\$ 16,340</u>	<u>\$ 12,845</u>

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

	Fiscal Year Ended March 31,		
	2026	2025	2024
Beginning of period	\$ (64)	\$ (72)	\$ (86)
Reserve adjustment	—	14	—
Credit loss/bad debt expense	(110)	(392)	(170)
Write-off	—	386	184
End of period	<u>\$ (174)</u>	<u>\$ (64)</u>	<u>\$ (72)</u>

NOTE 5 — INVENTORIES

As of March 31, 2026 and 2025, Orion's inventory balances, net of excess and obsolete reserves of \$2.2 million and \$1.8 million, respectively, were as follows (dollars in thousands):

	Inventories
As of March 31, 2026	
Raw materials and components	\$ 2,560
Work in process	150
Finished goods	7,594
Total	<u>\$ 10,304</u>
As of March 31, 2025	
Raw materials and components	\$ 4,691
Work in process	286
Finished goods	6,415
Total	<u>\$ 11,392</u>

Costs associated with the procurement and warehousing of inventories, such as inbound freight charges and purchasing and receiving costs, are also included in Cost of product revenue.

NOTE 6 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses consists primarily of prepaid insurance premiums, debt issue costs, prepaid subscription fees, prepaid networking services for EV products, ERP system implementation fees, and value added tax receivable. As of March 31, 2026 and March 31, 2025, prepaid expenses totaled \$1.4 million and \$1.9 million, respectively.

NOTE 7 — PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Expenditures for additions and improvements are capitalized, while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred. Properties and equipment sold, or otherwise disposed of, are removed from the property and equipment accounts, with gains or losses on disposal credited or charged to income from operations.

Orion periodically reviews the carrying values of property and equipment for impairment in accordance with ASC 360, Property, Plant and Equipment, if events or changes in circumstances indicate that the assets may be impaired. The estimated future undiscounted cash flows expected to result from the use of the assets and their eventual disposition are compared to the assets' carrying amount to determine if a write down to market value is required. In March 2026, Orion disposed of its remaining solar assets which resulted in a loss on disposal of \$1.1 million and is reflected in the consolidated statements of operations in general and administrative expenses.

Property and equipment were comprised of the following (dollars in thousands):

	March 31, 2026	March 31, 2025
Land and land improvements	\$ 433	\$ 433
Buildings and building improvements	9,552	9,552
Furniture, fixtures and office equipment	7,667	7,886
Leasehold improvements	490	493
Equipment leased to customers	-	4,997
Plant equipment	6,043	11,011
Vehicles	464	464
Construction in progress	47	—
Gross property and equipment	<u>24,696</u>	<u>34,836</u>
Less: accumulated depreciation and amortization	<u>(18,582)</u>	<u>(26,810)</u>
Total property and equipment, net	<u>\$ 6,114</u>	<u>\$ 8,026</u>

Depreciation and amortization is recognized over the estimated useful lives of the respective assets, using the straight-line method. Orion recorded depreciation and amortization expense of \$0.9 million, \$1.3 million and \$1.4 million for the years ended March 31, 2026, 2025 and 2024, respectively.

Depreciable lives by asset category are as follows:

Land improvements	10-15 years
Buildings and building improvements	10-39 years
Furniture, fixtures and office equipment	2-10 years
Leasehold improvements	Shorter of asset life or life of lease
Equipment leased to customers under Power Purchase Agreements	20 years
Plant equipment	3-10 years
Vehicles	5-7 years

NOTE 8 — LEASES

Assets Orion Leases from Other Parties

On January 31, 2020, Orion entered into the current lease for its primary manufacturing and distribution facility in Manitowoc, Wisconsin, the term of which lease ends January 31, 2030. Orion is responsible for the costs of insurance and utilities for the facility. These costs are considered variable lease costs. The agreement is classified as an operating lease.

In February 2014, Orion entered into a multi-year lease agreement for use of office space in a multi-use office building in Jacksonville, Florida. The lease has since been extended, most recently during the first quarter of fiscal 2027, and presently terminates on June 30, 2029. The agreement is classified as an operating lease.

We lease office space in Lawrence, Massachusetts. The lease presently terminates in August 2026. The agreement is classified as an operating lease.

Additionally, we had a lease in Pewaukee, Wisconsin that was terminated early in August of fiscal 2025. The agreement was classified as an operating lease. Additional details regarding the early termination can be seen in Note 18 - Restructuring.

Orion has leased other assets from third parties, principally office and production equipment. The terms of our other leases vary from contract to contract and expire at various dates in the next five years.

The weighted average discount rate for Orion's lease obligations as of March 31, 2026 and 2025 is 6.9% and 6.8%, respectively. The weighted average remaining lease term as of March 31, 2026 and 2025 is 3.7 years and 4.5 years, respectively.

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

	Balance sheet classification	March 31, 2026	March 31, 2025
Assets			
Operating lease assets	Other long-term assets, net	\$ 2,673	\$ 3,456
Liabilities			
Current liabilities			
Operating lease liabilities	Accrued expenses and other	715	794
Non-current liabilities			
Operating lease liabilities	Other long-term liabilities	2,115	2,829
Total lease liabilities		<u>\$ 2,830</u>	<u>\$ 3,623</u>

Orion had operating lease costs of \$1.2 million, \$1.2 million, and \$1.9 million for the years ended March 31, 2026, 2025, and 2024, respectively. This includes short-term leases and variable lease costs, which are immaterial.

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

Maturity of Lease Liabilities	Operating Leases
Fiscal 2027	\$ 886
Fiscal 2028	803
Fiscal 2029	828
Fiscal 2030	707
Total lease payments	\$ 3,224
Less: Interest	(394)
Present value of lease liabilities	<u>\$ 2,830</u>

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 Costs of product revenues 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 year ended March 31, 2026, 2025 and 2024 (dollars in thousands):

	March 31, 2026	March 31, 2025	March 31, 2024
Product revenue	\$ 393	\$ 781	\$ —
Cost of product revenue	316	785	—

The consolidated balance sheet as of March 31, 2026 and 2025 includes a net investment of \$0 million and \$0.4 million, respectively, in sales-type leases as all amounts due from the customer associated with lighting fixtures that were acknowledged to be installed and working correctly prior to period end were not transferred to the financing institution prior to the balance sheet date. During fiscal 2026, Orion sold receivables having an aggregate face value of \$1.1 million to the financing institution in exchange for cash proceeds of \$1.1 million. Related servicing fees for the period were immaterial.

Other Agreements where Orion is the Lessor

Orion has leased unused portions of its corporate headquarters to third parties. The length and payment terms of the leases vary from contract to contract and, in some cases, include options for the tenants to extend the lease terms. Annual lease payments are recorded as a reduction in administrative operating expenses and were not material in the years ended March 31, 2026, 2025 and 2024. Orion has accounted for these transactions as operating leases.

NOTE 9 — GOODWILL AND OTHER INTANGIBLE ASSETS

Orion has \$0.9 million of goodwill related to its purchase of Voltrek in the third quarter of fiscal 2023, which is assigned to the EV segment.

Orion has \$0.6 million of goodwill related to its purchase of Stay-Lite Lighting during fiscal year 2022, which is assigned to the Orion maintenance segment.

The costs of specifically identifiable intangible assets that do not have an indefinite life are amortized over their estimated useful lives. Goodwill and intangible assets with indefinite lives are not amortized.

Amortizable intangible assets are amortized over their estimated economic useful life to reflect the pattern of economic benefits consumed based upon the following lives and methods:

Patents	10-17 years	Straight-line
Licenses	7-13 years	Straight-line
Customer relationships	5-8 years	Accelerated based upon the pattern of economic benefits consumed
Vendor relationships	5-8 years	Accelerated based upon the pattern of economic benefits consumed
Developed technology	8 years	Accelerated based upon the pattern of economic benefits consumed
Tradename	5-10 years	Straight-line

Orion performed a qualitative assessment in conjunction with its annual impairment test of its indefinite lived intangible assets and goodwill as of January 1, 2026. This qualitative assessment considered Orion's operating results for the first nine months of fiscal 2026 in comparison to prior years as well as its anticipated fourth quarter results and fiscal 2026 plan. As a result of the conditions that existed as of the assessment date, an asset impairment was not deemed to be more likely than not and a quantitative analysis was not required.

Orion performed a qualitative assessment in conjunction with its annual impairment test of its indefinite lived intangible assets and goodwill as of January 1, 2025. This qualitative assessment considered Orion's operating results for the first nine months of fiscal 2025 in comparison to prior years as well as its anticipated fourth quarter results and fiscal 2025 plan. As a result of the conditions that existed as of the assessment date, an asset impairment was not deemed to be more likely than not and a quantitative analysis was not required.

The components of, and changes in, the carrying amount of other intangible assets were as follows (dollars in thousands):

	March 31, 2026				March 31, 2025			
	Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Useful Life	Gross Carrying Amount	Accumulated Amortization	Net	
Amortized Intangible Assets								
Patents	\$ 1,865	\$ (1,603)	\$ 262	8.5	\$ 1,895	\$ (1,568)	\$ 327	
Licenses	58	(58)	—	—	58	(58)	—	
Trade name and trademarks	300	(209)	91	1.5	300	(150)	150	
Customer relationships	5,000	(5,000)	—	—	5,000	(4,763)	237	
Vendor relationships	2,600	(1,297)	1,303	3.5	2,600	(925)	1,675	
Developed technology	900	(900)	—	—	900	(900)	—	
Total Amortized Intangible Assets	\$ 10,723	\$ (9,067)	\$ 1,656	4.2	\$ 10,753	\$ (8,364)	\$ 2,389	
Indefinite-lived Intangible Assets								
Trade name and trademarks	\$ 990	\$ —	\$ 990		\$ 990	\$ —	\$ 990	
Total Indefinite-lived Intangible Assets	\$ 990	\$ —	\$ 990		\$ 990	\$ —	\$ 990	
Total Other Intangible Assets	\$ 11,713	\$ (9,067)	\$ 2,646		\$ 11,743	\$ (8,364)	\$ 3,379	

The estimated amortization expense for each of the next five years is shown below (dollars in thousands):

Fiscal 2027	475
Fiscal 2028	439
Fiscal 2029	403
Fiscal 2030	218
Fiscal 2031	22
Thereafter	99
	\$ 1,656

Amortization expense is set forth in the following table (dollars in thousands):

	Fiscal Year Ended March 31,		
	2026	2025	2024
Amortization included in cost of revenue:			
Patents	\$ 65	\$ 171	\$ 99
Total	\$ 65	\$ 171	\$ 99
Amortization included in operating expenses:			
Customer relationships	\$ 237	\$ 467	\$ 525
Vendor relationships	371	371	371
Tradename	60	60	90
Total	668	898	986
Total amortization of intangible assets	\$ 733	\$ 1,069	\$ 1,085

Orion's management periodically reviews the carrying value of patent applications and related costs. When a patent application is probable of being unsuccessful or a patent is no longer in use, Orion writes off the remaining carrying value as a charge to general and administrative expense within its consolidated statements of operations. In fiscal years 2026, 2025, and 2024, write-offs were immaterial.

NOTE 10 — ACCRUED EXPENSES AND OTHER

As of March 31, 2026 and March 31, 2025, Accrued expenses and other included the following (dollars in thousands):

	March 31, 2026	March 31, 2025
Accrued acquisition earnout	\$ —	\$ 3,263
Other accruals	1,857	2,180
Compensation and benefits	3,620	2,424
Credits due to customers	1,193	1,581
Accrued project costs	2,979	2,283
Warranty	361	449
Sales tax	322	273
Legal and professional fees	294	177
Sales returns reserve	102	98
Total	<u>\$ 10,728</u>	<u>\$ 12,728</u>

Orion generally offers a limited warranty of one to 10 years on its lighting products including the pass through of standard warranties offered by major original equipment component manufacturers. The manufacturers' warranties cover lamps, ballasts, LED modules, LED chips, LED 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):

	2026	March 31, 2025	2024
Beginning of year	\$ 639	\$ 725	\$ 646
Accruals	266	350	473
Warranty claims (net of vendor reimbursements)	(376)	(436)	(394)
Ending balance	<u>\$ 529</u>	<u>\$ 639</u>	<u>\$ 725</u>

As of March 31, 2025, the balance of the accrued earnout liability with respect to Orion's October 5, 2022 acquisition of Voltrek was \$3.3 million. During the second quarter of fiscal 2026, Orion issued common stock to the prior owner of Voltrek with a value of \$1 million and paid \$875 thousand in cash as partial payment of the accrued acquisition earnout. These compensatory payments have been expensed over the course of the earnout periods.

On March 17, 2026, Orion entered into a settlement agreement (the "Settlement Agreement") with Final Frontier, LLC ("Final Frontier") and Kathleen M. Connors ("Ms. Connors"), personally and as Trustee of the Kathleen M. Connors 2019 Revocable Trust ("Connors Trust" together with Final Frontier and Ms. Connors, the "Connors Parties"), in order to reach a final and complete resolution and settlement of the dispute regarding Orion's remaining earnout obligations owed to Final Frontier, as well as to reach a final and complete resolution and settlement of related arbitrations and terminate related agreements, as described in Note 12 – Debt, below.

Under the terms of the Settlement Agreement, the Company made a one-time cash payment of \$3.0 million (the "Settlement Amount") to Final Frontier on March 18, 2026. This compensatory payment has been expensed over the course of the earnout periods. As a result of the payment of the Settlement Amount, the balance of the accrued earnout liability with respect to the Voltrek acquisition as of March 31, 2026 was \$0 million. See Note 12 - Debt, below for additional details around the previously accrued earnout liability and the settlement of the earnout liability.

NOTE 11 — NET (LOSS) INCOME PER COMMON SHARE

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

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

	Fiscal Year Ended March 31,		
	2026	2025	2024
Numerator:			
Net (loss) income (dollars in thousands)	\$ (3,163)	\$ (11,801)	\$ (11,671)
Denominator:			
Weighted-average common shares outstanding	3,560,671	3,282,947	3,248,624
Weighted-average effect of assumed conversion of stock options and restricted stock	—	—	—
Weighted-average common shares and share equivalents outstanding	<u>3,560,671</u>	<u>3,282,947</u>	<u>3,248,624</u>
Net (loss) income per common share:			
Basic	\$ (0.89)	\$ (3.59)	\$ (3.59)
Diluted	\$ (0.89)	\$ (3.59)	\$ (3.59)

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

	March 31,		
	2026	2025	2024
Time-Based Restricted Shares	114,078	133,159	101,410
Performance-Based Restricted Shares	47,065	152,994	70,838
Total	<u>161,143</u>	<u>286,153</u>	<u>172,248</u>

NOTE 12 — DEBT

Debt, including the revolving credit facility as of March 31, 2026 and 2025 consisted of the following (dollars in thousands):

	March 31,	
	2026	2025
Revolving credit facility	\$ 3,000	\$ 7,000
Term loan	2,972	3,324
Total long-term debt	5,972	10,324
Less current maturities	(353)	(353)
Long-term debt, less current maturities	<u>\$ 5,619</u>	<u>\$ 9,971</u>

Revolving Credit Agreement

On December 29, 2020, Orion entered into a 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, as of March 31, 2026, was scheduled to mature on June 30, 2027. Borrowings under the Credit Facility are subject to a borrowing base requirement based on eligible receivables, inventory and cash. As of March 31, 2026, the borrowing base of the Credit Facility supports \$15.6 million of availability, with \$12.6 million remaining availability subject to a \$0.5 million availability block, net of \$3.0 million borrowed.

The Credit Agreement is secured by a first lien security interest in substantially all of Orion’s assets.

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

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

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

Effective November 4, 2022, Orion, with Bank of America, 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 and Voltrek, as secured collateral under the Credit Agreement and to document the conversion from LIBOR to SOFR based loans. 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 clarifies that the earnout liabilities associated with the Stay-Lite and Voltrek transactions are permitted under the Credit Agreement and that the expenses recognized in connection with those earnouts should be added back in the computation of EBITDA, as defined, under the Credit Agreement.

Effective April 22, 2024, Orion, with Bank of America, 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 Orion's office headquarters property in Manitowoc, Wisconsin. Amendment No. 2 also broadened the definition of receivables to encompass government receivables as being eligible to be included in Orion's borrowing base calculation for the purpose of establishing Orion's monthly borrowing availability under the Credit Agreement. Quarterly installments of \$88,125 are due on the first day of each fiscal quarter.

Effective October 30, 2024, Orion, 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.

As of March 31, 2026, Orion was in compliance with all debt covenants.

Aggregate Maturities

As of March 31, 2026, aggregate maturities of debt, including the revolving credit facility were as follows (dollars in thousands):

Fiscal 2027	353
Fiscal 2028	5,619
	<u>\$ 5,972</u>

Effective on June 23, 2025, Orion entered into a binding term sheet (the "Initial Term Sheet") with Final Frontier, LLC ("Final Frontier") and its owner Kathleen Connors ("Ms. Connors"), the prior owner of Voltrek, with respect to Orion's remaining earnout obligations owed to Final Frontier pursuant to that certain Membership Interest Purchase Agreement, dated as of October 5, 2022, entered into by and among us and Final Frontier and Ms. Connors (the "MIPA"), pursuant to which Orion acquired Voltrek on October 5, 2022. Pursuant to the Initial Term Sheet, on August 1, 2025, Orion paid Final Frontier \$500,000, and on September 2, 2025, Orion paid an additional \$375,000, in full and final payment of its fiscal 2024 Voltrek acquisition earnout obligations. Additionally, pursuant

to the Initial Term Sheet, on July 16, 2025, Orion issued \$1.0 million in common stock of Orion, constituting 164,908 shares, to Kathleen Connors and the Kathleen M. Connors 2019 Revocable Trust in partial payment of Orion's fiscal 2025 and aggregate fiscal 2023 through fiscal 2025 Voltrek acquisition earnout obligations. On July 31, 2025, Orion entered into an amendment to the Initial Term Sheet (the "Term Sheet Amendment", and together with the Initial Term Sheet, the "Term Sheet"), pursuant to which Orion agreed with Final Frontier to pay the remainder of the finally determined remaining amount of Orion's fiscal 2025 Voltrek acquisition earnout obligations (the "Remaining Earnout Amount") pursuant to a subordinated loan agreement, entered into by Orion, as borrower, Great Lakes Energy Technologies, LLC ("Great Lakes"), Clean Energy Solutions, LLC ("Clean Energy"), Orion Asset Management, LLC ("Asset Management"), Orion Technologies Ventures, LLC ("Orion Technology", and together with Voltrek, Clean Energy, Asset Management and Orion Technology, the "Company Subsidiaries") and Voltrek, as guarantors, and Final Frontier, as lender (the "Subordinated Loan Agreement"). In addition, Orion and Final Frontier agreed to submit the final determination of its Remaining Earnout Amount to binding arbitration.

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

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

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

Voltrek Earnout Settlement

On March 17, 2026, Orion entered into the Settlement Agreement with Connors Parties, in order to reach a final and complete resolution and settlement of the dispute between the Connors Parties and Orion regarding Orion's remaining Voltrek acquisition earnout obligations, as well as to reach a final and complete resolution and settlement of related arbitrations and terminate related agreements, as described below.

Pursuant to the MIPA and the Term Sheet, Orion and the Connors Parties submitted the earnout statement dispute to CPA firm arbitration (the "CPA Firm Arbitration"). The Connors Parties asserted that the remaining earn out payments owed by Orion totaled approximately \$10 million. Orion's position was that Orion owed the Connors Parties an additional \$1.4 million. The CPA arbitrators determined that Orion owed an additional \$3.4 million of earnout payments. Subsequently, Orion filed an arbitration demand with the American Arbitration Association in Milwaukee, Wisconsin against the Connors Parties in order to object to the CPA firm's decision of the earnout statement dispute as manifest error (the "AAA Arbitration").

By entering into the Settlement Agreement, Orion and the Connors Parties agreed to a final and complete resolution and settlement of the CPA Firm Arbitration and the AAA Arbitration, a final and complete resolution and settlement of the earnout statement dispute, termination of the MIPA, termination of all related earnout agreements, including the Subordinated Loan Agreement, the Senior Subordinated Note, the Security Agreement and the Subordination Agreement, and termination of any and all claims and counterclaims

between or among Orion and the Connors Parties, without any admission of liability and without incurring of any further payment, cost, liability, obligation, guaranty, expense or inconvenience with respect thereto.

Under the terms of the Settlement Agreement, the Company made a one-time cash payment of the Settlement Amount to Final Frontier on March 18, 2026. Upon receipt of the Settlement Amount, all earn out payment obligations, the MIPA, all earnout agreements, the CPA Firm Arbitration and the AAA Arbitration proceedings were terminated, cancelled and released, and all liens and security interests held by Final Frontier on Orion's assets were automatically terminated and irrevocably released. Additionally, upon payment of the Settlement Amount, Orion and the Connors Parties exchanged mutual general releases of all claims arising from or related to the earnout disputes, the CPA Firm Arbitration and the AAA Arbitration proceedings, the MIPA and the related earnout agreements. The releases did not affect Ms. Connors' then part-time employment relationship with Orion or the Connors Parties' rights as shareholders of Orion. Orion also agreed to facilitate the Connors Parties' entry into a Rule 10b5-1 trading plan during Orion's next insider open window period to facilitate the Connors Parties' sale of their shares of Orion's common stock.

NOTE 13 — INCOME TAXES

The total provision for income taxes consists of the following for the fiscal years ended (dollars in thousands):

	Fiscal Year Ended March 31,		
	2026	2025	2024
Pretax Book Income/(Loss)			
United States Federal & State	\$ (3,264)		
Canada	161		
Total Pretax Book Loss	<u>(3,103)</u>		
Current:			
United States Federal	\$ —	\$ —	\$ —
State	55	35	46
Canada	—	—	—
Total Current	<u>55</u>	<u>35</u>	<u>46</u>
Deferred:			
United States Federal	2	2	(1)
State	3	5	(4)
Canada	—	—	—
Total Deferred	<u>5</u>	<u>7</u>	<u>(5)</u>
Provision (benefit) for income taxes	<u>\$ 60</u>	<u>\$ 42</u>	<u>\$ 41</u>

A reconciliation of the statutory federal income tax rate and effective income tax rate is as follows:

	Fiscal Year Ended March 31,			
	2026		2025	2024
	Amount (thousands)	Percent	Percent	Percent
Statutory federal tax rate	\$ (652)	21.0%	21.0%	21.0%
State taxes, net (1)	44	(1.4)%	4.1%	3.2%
State tax credits, net			(0.2)%	(0.2)%
Foreign tax effects, Canada				
Statutory tax rate differential	10	(0.3)%		
Change in valuation reserve	(36)	1.2%		
Federal tax credit	111	(3.6)%	(0.5)%	(0.4)%
Change in valuation reserve	507	(16.3)%	(23.7)%	(22.7)%
Effect of cross-border tax laws, global intangible low-tax income	21	(0.7)%		
Other permanent items	38	(1.2)%	(0.9)%	(0.8)%
Change in tax contingency reserve	11	(0.4)%	(0.1)%	(0.1)%
Equity compensation cancellations	—	—	—	(0.2)%
State return to provision	-	—	0.1%	0.1%
Other, net	6	(0.2)%	(0.2)%	(0.3)%
Effective income tax rate	<u>\$ 60</u>	<u>(1.9)%</u>	<u>(0.4)%</u>	<u>(0.4)%</u>

(1) State taxes in Texas make up the majority (greater than 50 percent) of the tax effect in this category.

The net deferred tax assets reported in the accompanying consolidated financial statements include the following components (dollars in thousands):

	March 31,	
	2026	2025
Deferred tax assets:		
Inventory, accruals and reserves	\$ 833	\$ 742
Interest deduction carry-forward	497	495
Federal and state operating loss carry-forwards	22,554	22,332
Tax credit carry-forwards	1,204	1,367
Equity compensation	132	272
Deferred revenue	—	19
Fixed assets	78	—
Lease liabilities	722	922
Intangible assets	2,273	1,871
Other	868	1,206
Total deferred tax assets	29,161	29,226
Valuation allowance	(28,563)	(28,149)
Deferred tax assets, net of valuation allowance	598	1,077
Deferred tax liabilities:		
Lease ROU assets	(682)	(880)
Fixed assets	—	(276)
Total deferred tax liabilities	(682)	(1,156)
Total net deferred tax (liabilities) assets	<u>\$ (84)</u>	<u>\$ (79)</u>

For fiscal year ended March 31, 2026, Orion's deferred tax assets were primarily the result of U.S. net operating loss ("NOL") and tax credit carryforwards. Orion recorded a valuation allowance of \$28.6 million and \$28.1 million against its net deferred tax asset balance as of March 31, 2026 and March 31, 2025, respectively, due to the uncertainty of its realization value in the future. For fiscal

years ended March 31, 2026 and March 31, 2025, the valuation allowance against Orion's deferred tax assets increased by \$0.5 million, primarily due to the current and prior year book losses.

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.

As of March 31, 2026, Orion has federal NOL carryforwards of approximately \$87.2 million, state NOL carryforwards of approximately \$73.4 million, and foreign NOL carryforwards of approximately \$0.6 million. Orion also had federal tax credit carryforwards of approximately \$1.1 million and state tax credits of \$0.1 million. All of Orion's tax credit carryforwards and \$123.4 million of its NOL carryforwards will begin to expire in varying amounts between 2026 and 2056. The remaining \$37.8 million of its federal and state NOL carryforwards are not subject to time restrictions but may only be used to offset 80% of adjusted taxable income. Orion believes it is more likely than not that the benefit from its state credit carryforwards, foreign NOL carryforwards, federal credit carryforwards, and state loss carryforwards will not be realized. In recognition of this risk, Orion has provided a net valuation allowance of \$28.6 million on the deferred tax assets related to these carryforwards.

Generally, a change of more than 50% in the ownership of Orion's stock, by value, over a three-year period constitutes an ownership change for federal income tax purposes as defined under Section 382 of the Internal Revenue Code. As a result, Orion's ability to use its net operating loss carryforwards, attributable to the period prior to such ownership change, to offset taxable income can be subject to limitations in a particular year, which could potentially result in increased future tax liability for Orion. There was no limitation of NOL carryforwards that occurred for fiscal 2026, fiscal 2025, or fiscal 2024.

Orion records its tax provision based on the respective tax rules and regulations for the jurisdictions in which it operates. Where Orion believes that a tax position is supportable for income tax purposes, the item is included in their income tax returns. Where treatment of a position is uncertain, a liability is recorded based upon the expected most likely outcome taking into consideration the technical merits of the position based on specific tax regulations and facts of each matter. These liabilities may be affected by changing interpretations of laws, rulings by tax authorities, or the expiration of the statute of limitations.

Orion files income tax returns in the United States federal jurisdiction and in several state jurisdictions. The Company's federal tax returns for tax years beginning April 1, 2021 or later are open. For states in which Orion files state income tax returns, the statute of limitations is generally open for tax years beginning April 1, 2021 or later.

State income tax returns are generally subject to examination for a period of 3 to 5 years after filing of the respective return. The state effect of any federal changes remains subject to examination by various states for a period of up to two years after formal notification to the states. Orion currently has no state income tax return positions in the process of examination, administrative appeals or litigation.

Uncertain tax positions

As of March 31, 2026, the balance of gross unrecognized tax benefits was approximately \$0.3 million, all of which would affect Orion's effective tax rate if recognized.

Orion has classified the amounts recorded for uncertain tax benefits in the balance sheet as other liabilities (non-current) to the extent that payment is not anticipated within one year. Accrued interest and penalties for such unrecognized tax benefits as of March 31, 2026 and 2025 were \$0.1 million. Orion had the following unrecognized tax benefit activity (dollars in thousands):

	Fiscal Year Ended March 31,		
	2026	2025	2024
Unrecognized tax benefits as of beginning of fiscal year	\$ 248	\$ 237	\$ 225
Additions based on tax positions related to the current period positions	1	1	1
Additions for tax positions of prior years	11	10	11
Unrecognized tax benefits as of end of fiscal year	<u>\$ 260</u>	<u>\$ 248</u>	<u>\$ 237</u>

NOTE 14 — COMMITMENTS AND CONTINGENCIES

Purchase Commitments

Orion enters into non-cancellable purchase commitments for certain inventory items in order to secure better pricing and ensure materials on hand. As of March 31, 2026, Orion had entered into \$7.8 million of purchase commitments related primarily to inventory purchases. Orion expects the purchase commitments to be fulfilled during fiscal 2027.

Retirement Savings Plan

Orion sponsors a tax deferred retirement savings plan that permits eligible employees to contribute varying percentages of their compensation up to the limit allowed by the Internal Revenue Service. This plan also provides for discretionary contributions by Orion. In fiscal 2026, 2025 and 2024, Orion made matching contributions of approximately \$0.1 million, \$0.1 million, and \$0.2 million, respectively.

Litigation

Orion is subject to various claims and legal proceedings arising in the ordinary course of business. As of the date of this report, Orion does not believe that the final resolution of any of such claims or legal proceedings would have a material adverse effect on its future results of operations.

NOTE 15 — SHAREHOLDERS' EQUITY

Reverse Stock Split

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

Employee Stock Purchase Plan

In August 2010, Orion's Board of Directors approved a non-compensatory employee stock purchase plan, or ESPP. The ESPP authorizes 250,000 shares to be issued from treasury or authorized shares to satisfy employee share purchases under the ESPP. All full-time employees of Orion are eligible to be granted a non-transferable purchase right each calendar quarter to purchase directly from Orion up to \$20,000 of Orion's common stock at a purchase price equal to 100% of the closing sale price of Orion's common stock on The NASDAQ Capital Market on the last trading day of each quarter.

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, having an aggregate offering price of up to \$50 million from time to time through or to the Agent, acting as sales agent or principal. In March 2025, the ATM was terminated.

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

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"). Approval of the Amended 2016 Plan increased the number of shares of Orion's common stock available for issuance under the Amended 2016 Plan from 350,000 shares to 600,000 shares (an increase of 250,000 shares). As of March 31, 2026, the number of shares available for grant under the Amended 2016 Plan was 56,587.

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 Amended 2016 Plan, the Company 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; and no awards granted under the 2004 Plan remain outstanding. 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.

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 Amended 2016 Plan also permits accelerated vesting in the event of certain changes of control of Orion as well as under other special circumstances.

Orion historically granted stock options and restricted stock under the 2004 Plan. Orion did not issue stock options from fiscal 2015 through fiscal 2025 and instead had issued only restricted stock and performance shares. In fiscal 2026, stock options were granted along with restricted stock.

Orion added performance conditions to a portion of the annual long-term incentive grants for Orion's executive compensation program. The performance-vesting restricted stock will vest to the extent Orion achieves revenue growth targets over a three-year period. Orion recognizes performance-vesting restricted stock expense ratably over the requisite service period based on the likelihood of meeting the performance conditions. For the fiscal years ended March 31, 2026, 2025, and 2024, Orion recognized \$0 million, \$0 million, and \$0.3 million in stock-based compensation expense for performance-vesting restricted stock, respectively.

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

	Fiscal Year Ended March 31,		
	2026	2025	2024
Cost of product revenue	\$ —	\$ 7	\$ 5
General and administrative (1)	434	1,111	923
Sales and marketing	46	31	17
Research and development	3	8	5
	<u>\$ 483</u>	<u>\$ 1,157</u>	<u>\$ 950</u>

- (1) The termination of Michael Jenkins on April 14, 2025, led to the acceleration of approximately \$251 thousand in relation to approximately 322 thousand restricted shares. Mr. Jenkins forfeited approximately 646 thousand performance shares and approximately 78 thousand shares of restricted stock in connection with his termination. The expense was recognized as of March 31, 2025 as it was determined estimable. The shares were accelerated and forfeited as of the termination date, April 14, 2025.

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

	Time-Based Restricted Shares		Performance-Based Restricted Shares	
	Shares	Weighted Average Fair Value Price	Shares	Weighted Average Fair Value Price
Balance at March 31, 2025	133,159	\$ 13.00	152,994	\$ 14.30
Shares issued	66,038	\$ 6.13	—	—
Shares vested	(73,332)	\$ 14.44	—	—
Shares forfeited	(11,787)	\$ 10.19	(105,929)	\$ 14.72
Shares outstanding at March 31, 2026	114,078	\$ 8.40	47,065	\$ 10.90
Per share price on grant date				

During fiscal 2026, Orion recognized \$0.5 million of stock-based compensation expense related to restricted shares.

As of March 31, 2026, 2025 and 2024, the weighted average grant-date fair value of restricted shares granted was \$6.13, \$10.68 and \$14.16, respectively. The total fair value of shares vested during fiscal years ended March 31, 2026, 2025 and 2024 are \$1.1 million, \$0.9 million and \$0.8 million, respectively.

Unrecognized compensation cost related to non-vested common stock-based compensation as of March 31, 2026 is expected to be recognized as follows (dollars in thousands):

Fiscal 2027	\$ 576
Fiscal 2028	216
Fiscal 2029	40
Total	\$ 832
Remaining weighted average expected years	0.74

NOTE 17 — SEGMENT DATA

Orion evaluates and reports its business using three segments: Orion lighting segment, Orion maintenance segment and Orion electric vehicle charging segment. Orion configured its fiscal 2025 budget in order to compare actual performance to plan performance for these segments. Orion's CODM is the chief executive officer. The Company's CODM focuses primarily on each segment's ability to generate sufficient revenues and manage cost of services along with operating expenses. As such, the CODM measures operating performance at the segment level based on operating income or loss, including evaluation of budget to actual variances. Reportable segments are components of an entity that have separate financial data that the CODM regularly reviews when allocating resources and assessing performance.

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. The lighting segment

sells mostly through direct sales, but it also sells lighting products through manufacturer representative agencies and to the wholesale contractor markets through energy service companies and contractors.

Maintenance Segment

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

EV Segment

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

Corporate and Other

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

Year ended March 31, 2026

(dollars in thousands)

	Lighting	Maintenance	EV	Corporate & Other	Total
Product revenue	\$ 41,173	\$ 7,293	\$ 8,563	\$ —	\$ 57,029
Service revenue	14,707	8,749	5,821	—	29,277
Total revenue	55,880	16,042	14,384	—	86,306
Cost of product revenue	27,834	3,976	5,083	—	36,893
Cost of service revenue	9,568	7,871	3,881	—	21,320
Total cost of revenue	37,402	11,847	8,964	—	58,213
Gross profit	18,478	4,195	5,420	—	28,093
Operating expenses:					
General and administrative	7,669	2,451	4,946	3,625	18,691
Sales and marketing	8,175	435	1,037	452	10,099
Research and development	459	143	85	258	945
Total operating expenses	16,303	3,029	6,068	4,335	29,735
Loss from operations	2,175	1,166	(648)	(4,335)	(1,642)
Other income (expense):					
Other income					51
Interest income					3
Interest expense					(783)
Amortization of debt issue costs					(170)
Loss on debt extinguishment					(562)
Total other expense					(1,461)
Loss before income tax					<u><u>\$ (3,103)</u></u>

Year ended March 31, 2025
(dollars in thousands)

	Lighting	Maintenance	EV	Corporate & Other	Total
Product revenue	\$ 40,045	\$ 5,902	\$ 8,421	\$ —	\$ 54,368
Service revenue	7,659	9,288	8,405	—	25,352
Total revenue	47,704	15,190	16,826	—	79,720
Cost of product revenue	28,664	3,215	5,440	-	37,319
Cost of service revenue	6,332	9,207	6,626	—	22,165
Total cost of revenue	34,996	12,422	12,066	—	59,484
Gross profit	12,708	2,768	4,760	—	20,236
Operating expenses:					
General and administrative	6,083	3,075	5,423	3,427	18,008
Sales and marketing	8,800	685	1,578	532	11,595
Research and development	588	196	115	330	1,229
Total operating expenses	15,471	3,956	7,116	4,289	30,832
Loss from operations	(2,763)	(1,188)	(2,356)	(4,289)	(10,596)
Other income (expense):					
Other income					62
Interest income					7
Interest expense					(1,026)
Amortization of debt issuance cost					(206)
Total other expense					(1,163)
Loss before income tax					\$ (11,759)

Year ended March 31, 2024
(dollars in thousands)

	Lighting	Maintenance	EV	Corporate & Other	Total
Product revenue	\$ 50,319	\$ 4,687	\$ 8,301	\$ —	\$ 63,307
Service revenue	10,783	12,460	4,031	—	27,274
Total revenue	61,102	17,147	12,332	—	90,581
Cost of product revenue	36,490	2,339	5,637	—	44,466
Cost of service revenue	7,800	14,060	3,344	—	25,204
Total cost of sales	44,290	16,399	8,981	—	69,670
Gross profit	16,812	748	3,351	—	20,911
Operating expenses:					
General and administrative	6,516	4,517	3,649	2,058	16,740
Impairment of intangibles	—	456	—	—	456
Sales and marketing	10,813	928	1,146	101	12,988
Research and development	809	359	102	225	1,495
Acquisition-related costs	21	11	17	7	56
Total operating expenses	18,159	6,271	4,914	2,391	31,735
Loss from operations	(1,347)	(5,523)	(1,563)	(2,391)	(10,824)
Other income (expense):					
Other income					39
Interest income					2
Interest expense					(752)
Amortization of debt issuance cost					(95)
Other income (expense)					(806)
Loss before income tax					\$ (11,630)

(dollars in thousands)	Depreciation and Amortization For the year ended March 31,			Capital Expenditures For the year ended March 31,		
	2026	2025	2024	2026	2025	2024
Segments:						
Lighting Segment	\$ 597	\$ 868	\$ 747	\$ 7	\$ 26	\$ 92
Maintenance Segment	167	386	453	1	2	535
EV Segment	775	1,083	979	-	2	56
Corporate and Other	245	281	411	75	69	154
	<u>\$ 1,784</u>	<u>\$ 2,618</u>	<u>\$ 2,590</u>	<u>\$ 83</u>	<u>\$ 99</u>	<u>\$ 837</u>

(dollars in thousands)	Total Assets	
	March 31, 2026	March 31, 2025
Segments:		
Lighting Segment	\$ 26,185	\$ 20,646
Maintenance Segment	3,697	4,384
EV Segment	7,505	11,963
Corporate and Other	14,218	15,470
	<u>\$ 51,605</u>	<u>\$ 52,463</u>

Orion's lighting segment revenue outside the United States was \$1.5 million, \$1.8 million and \$6.4 million for the fiscal years ended March 31, 2026, 2025 and 2024, respectively. All other revenues are generated from the United States. Orion attributes revenues from external customers to individual countries based on the geographic location in which the work is performed. Orion has no long-lived assets outside the United States.

NOTE 18 - RESTRUCTURING

As part of Orion's restructuring effort, a further reduction in workforce was completed in the fourth quarter of fiscal 2025. Total severance expense for fiscal 2025 was \$595 thousand. In addition, an inventory write-off of approximately \$197 thousand 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 of \$125 thousand that occurred in the second quarter of fiscal 2025 due to the closing of the Pewaukee office. Orion's restructuring expense and other related costs for the 12 months ended March 31 2026, 2025 and 2024 are reflected within its consolidated statement of operations as follows (dollars in thousands):

	Fiscal Year Ended March 31,		
	2026	2025	2024
Cost of product revenue	\$ —	\$ 295	\$ 26
Cost of service revenue	—	176	48
General and administrative	—	442	28
Sales and marketing	—	26	21
Research and development	—	109	—
	<u>\$ —</u>	<u>\$ 1,048</u>	<u>123</u>

Total restructuring expense and other related costs by segment was recorded as follows (dollars in thousands):

	Fiscal Year Ended March 31,		
	2026	2025	2024
Segments:			
Lighting	\$ —	\$ 246	\$ 52
Maintenance	—	720	48
EV	—	14	—
Corporate and Other	—	68	23
	<u>\$ —</u>	<u>\$ 1,048</u>	<u>\$ 123</u>

NOTE 19 - SUBSEQUENT EVENTS

On May 29, 2026, Orion, with Bank of America, N.A. as lender, executed Amendment No. 5 (“Amendment No. 5”) to its Credit Agreement. The primary purpose of Amendment No. 5 was to extend the maturity date of the Credit Facility from June 30, 2027 to June 30, 2030.

In February 2026, the U.S. Supreme Court ruled that certain tariffs imposed under the International Emergency Economic Powers Act (“IEEPA”) were unlawful. On April 20, 2026, U.S. Customs and Border Protection launched a portal intended to automate and consolidate the related refund claim process, including associated interest payments. Orion submitted refund claims related to certain previously paid tariffs. Due to the uncertainty surrounding payment of any potential refund claims, no amounts are reflected in the fiscal 2026 financial statements. As of May 31, 2026, Orion has received approximately \$219 thousand in tariff refunds, including approximately \$13 thousand of interest income. The ultimate amount and timing of recovery remain subject to continued administrative review and claim approval.

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

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) of the Exchange Act. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures and our internal control over financial reporting as of March 31, 2026, pursuant to Exchange Act Rule 13a-15(b) and 15d-15. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a level of reasonable assurance as of March 31, 2026.

Management, including our Chief Executive Officer and Chief Financial Officer, believes the consolidated financial statements included in this Annual Report on Form 10-K fairly represent in all material respects our financial condition, results of operations and cash flows at and for the periods presented in accordance with GAAP.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- i. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, our management has assessed the effectiveness of our internal control over financial reporting based on the criteria set forth in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, management believes that, as of March 31, 2026, our internal control over financial reporting was effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

(a)

On May 29, 2026, we and Bank of America, N.A., as lender, executed Amendment No. 5 to our credit agreement. The primary purpose of Amendment No. 5 was to extend the maturity date of the Credit Facility from June 30, 2027 to June 30, 2030. The foregoing description of Amendment No. 3 and the credit agreement as amended by Amendment No. 3 is qualified in its entirety by reference to the full text of Amendment No. 3, which is filed as Exhibit 10.6 hereto and incorporated herein by reference.

(b)

Rule 10b5-1 Trading Plans

During the three months ended March 31, 2025, no director or section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item with respect to directors, executive officers and corporate governance is incorporated by reference to our Proxy Statement for our 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2026.

Code of Conduct

We have adopted a Code of Conduct that applies to all of our directors, employees and officers, including our principal executive officer, our principal financial officer, our controller and persons performing similar functions. Our Code of Conduct is available on our web site at www.orionlighting.com. Future material amendments or waivers relating to the Code of Conduct will be disclosed on our web site referenced in this paragraph within four business days following the date of such amendment or waiver.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our Proxy Statement for our 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2026.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

See Item 5, *Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchaser of Securities*, under the heading "Equity Compensation Plan Information" for information regarding our securities authorized for issuance under equity compensation plans. The additional information required by this item is incorporated by reference to our Proxy Statement for its 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2026.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to our Proxy Statement for our 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2026.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to our Proxy Statement for our 2026 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2026.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

Our financial statements are set forth in Item 8 of this Form 10-K.

EXHIBIT INDEX

Number	Exhibit Title
3.1	<u>Amended and Restated Articles of Incorporation of Orion Energy Systems, Inc., filed as Exhibit 3.3 to the Registrant's Form S-1 filed August 20, 2007, is hereby incorporated by reference.</u>
3.2	<u>Articles of Amendment to Amended and Restated Articles of Incorporation of Orion Energy Systems, Inc., effective August 22, 2025, filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on August 19, 2025, is hereby incorporated for reference.</u>
3.3	<u>Second Amended and Restated Bylaws of Orion Energy Systems, Inc., filed as Exhibit 3.1 to the Registrant's Form 8-K filed November 14, 2022, is hereby incorporated by reference.</u>
4.1	<u>Description of Orion Energy Systems, Inc. Capital Stock, filed as Exhibit 4.1 to the Registrant's Form 10-K filed on June 26, 2025 is hereby incorporated by reference.</u>
10.1	<u>Loan and Security Agreement dated as of December 29, 2020 among Orion Energy Systems, Inc., Bank of America, N.A., as lender, and the subsidiary borrowers party thereto, filed as Exhibit 10.1 to Registrant's Form 8-K filed on January 5, 2021, is hereby incorporated by reference.</u>
10.2	<u>Agreement No. 1 to Loan and Security Agreement, dated effective as of November 4, 2022, among Orion Energy Systems, Inc., Bank of America, N.A., as lender, and the subsidiary borrowers party thereto, filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed November 8, 2022, is hereby incorporated by reference.</u>
10.3	<u>Amendment No. 2 to Loan and Security Agreement, dated effective as of April 22, 2024, among Orion Energy Systems, Inc., Bank of America, N.A., as lender, and the subsidiary borrowers party thereto, filed as Exhibit 10.1 to Registrant's Form 8-K filed on April 24, 2024, is hereby incorporated by reference</u>
10.4	<u>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, filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on October 31, 2024, is hereby incorporated by reference.</u>
10.5	<u>Amendment No. 4 to Loan and Security Agreement, dated September 30, 2025, by and among Orion Energy Systems, Inc., Great Lakes Energy Solutions, LLC, Clean Energy Solutions, LLC, Orion Asset Management, LLC, Orion Technology Ventures, LLC, Voltrek, LLC and Bank of America, N.A. filed as Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed on October 3, 2025, is hereby incorporated by reference.</u>
10.6	<u>Amendment No. 5 to Loan and Security Agreement, dated May 29, 2026, among Orion Energy Systems, Inc., Bank of America, N.A., as lender, and the subsidiary borrowers party thereto.</u>
10.7	<u>Term Sheet, dated June 23, 2025, by and between Orion Energy Systems, Inc., Final Frontier, LLC and Kathleen Connors, filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on October 3, 2025, is hereby incorporated by reference.</u>
10.8	<u>Earn Out Term Sheet Amendment, dated July 31, 2025, by and between Orion Energy Systems, Inc., Final Frontier, LLC and Kathleen Connors, filed as Exhibit 10.2 to the Registrant's Form 10-Q filed on August 6, 2025, is hereby incorporated by reference.</u>
10.9	<u>Settlement Agreement, dated March 17, 2026 by and between Orion Energy Systems, Inc., Final Frontier, LLC and Kathleen Connors, filed as Exhibit 10.1 to the Registrant's Form 8-K filed on March 20, 2026, is hereby incorporated by reference.</u>
10.10	<u>Orion Energy Systems, Inc. 2004 Stock and Incentive Awards Plan, filed as Exhibit 10.9 to the Registrant's Form S-1 filed August 20, 2007, is hereby incorporated by reference.*</u>
10.11	<u>Amendment to Orion Energy Systems, Inc. 2004 Stock and Incentive Awards Plan, filed September 9, 2011 as Appendix A to the Registrant's definitive proxy statement is hereby incorporated by reference.*</u>
10.12	<u>Form of Stock Option Agreement under the Orion Energy Systems, Inc. 2004 Equity Incentive Plan, filed as Exhibit 10.10 to the Registrant's Form S-1 filed August 20, 2007, is hereby incorporated by reference.*</u>
10.13	<u>Form of Stock Option Agreement as of May 14, 2013 under the Orion Energy Systems, Inc. 2004 Stock and Incentive Awards Plan, filed as Exhibit 10.7 to the Registrant's Form 10-K filed on June 13, 2014, is hereby incorporated by reference.*</u>

- 10.14 [Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, as amended and restated, filed as Annex A to the Registrant's Definitive Proxy Statement on Schedule 14A filed on June 30, 2023, is hereby incorporated by reference.*](#)
- 10.15 [Form of Non-Employee Director Tandem Restricted Stock and Cash Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, filed as Exhibit 4.5 to the Registrant's Form S-8 filed August 10, 2016, is hereby incorporated by reference.*](#)
- 10.16 [Form of Non-Employee Director Restricted Stock Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, filed as Exhibit 4.6 to the Registrant's Form S-8 filed August 10, 2016, is hereby incorporated by reference.*](#)
- 10.17 [Form of Executive Tandem Restricted Stock and Cash Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, filed as Exhibit 4.7 to the Registrant's Form S-8 filed August 10, 2016, is hereby incorporated by reference.*](#)
- 10.18 [Form of Executive Restricted Stock Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, filed as Exhibit 4.8 to the Registrant's Form S-8 filed August 10, 2016, is hereby incorporated by reference.*](#)
- 10.19 [Orion Energy Systems, Inc. Non-Employee Director Compensation Plan, effective as of February 16, 2023, filed as Exhibit 10.12 to the Registrant's Form 10-K filed on June 12, 2023, is hereby incorporated by reference.*](#)
- 10.20 [Executive Employment and Severance Agreement, effective as of October 19, 2020, between Orion Energy Systems, Inc. and J. Per Brodin, filed as Exhibit 10.1 to the Registrant's Form 8-K filed on October 15, 2020, is hereby incorporated by reference.*](#)
- 10.21 [Amended and Restated Executive Employment and Severance Agreement, dated as of June 1, 2020, by and between Orion Energy Systems, Inc. and Scott A. Green, filed as Exhibit 10.17 to the Registrant's Form 10-K filed on June 1, 2021, is hereby incorporated by reference.*](#)
- 10.22 [Amended Executive Employment and Severance Agreement, effective as of November 10, 2022, by and between Orion Energy Systems, Inc. and Michael H. Jenkins, filed as Exhibit 10.2 to the Registrant's Form 8-K filed on August 3, 2022, is hereby incorporated by reference.*](#)
- 10.23 [Executive Employment and Severance Agreement, dated April 14, 2025, by and between Orion Energy Systems, Inc. and Sally A. Washlow, filed as Exhibit 10.1 to the Registrant's Form 8-K filed on April 14, 2025, is hereby incorporated by reference.*](#)
- 10.24 [Mutual Termination and Severance Agreement and Complete and Permanent Mutual Release of All Claims, dated as of May 5, 2025, but effective as of April 14, 2025, by and between Orion Energy Systems, Inc. and Michael H. Jenkins, filed as Exhibit 10.1 to the Registrant's Form 8-K filed on May 5, 2025, is hereby incorporated by reference.*](#)
- 10.25 [Form of Executive Performance Share Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, filed as Exhibit 10.19 to the Registrant's Form 10-K filed on June 10, 2022, is hereby incorporated by reference.*](#)
- 10.26 [Form of Non-Employee Director Restricted Stock Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, filed as Exhibit 10.20 to the Registrant's Form 10-K filed on June 10, 2022, is hereby incorporated by reference.*](#)
- 10.27 [Form of Executive Tandem Restricted Stock and Cash Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, filed as Exhibit 10.21 to the Registrant's Form 10-K filed on June 10, 2022, is hereby incorporated by reference.*](#)
- 10.28 [Form of Non-Employee Director Tandem Restricted Stock and Cash Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, filed as Exhibit 10.22 to the Registrant's Form 10-K filed on June 10, 2022, is hereby incorporated by reference.*](#)
- 10.29 [Form of Executive Restricted Stock Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, filed as Exhibit 10.23 to the Registrant's Form 10-K filed on June 10, 2022, is hereby incorporated by reference.*](#)
- 10.30 [Form of Executive Tandem Performance Share and Cash Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, effective May 24, 2023, filed as Exhibit 10.24 to the Registrant's Form 10-K filed on June 12, 2023, is hereby incorporated by reference.*](#)
- 10.31 [Form of Non-Employee Director Tandem Restricted Stock and Cash Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, effective May 24, 2023, filed as Exhibit 10.25 to the Registrant's Form 10-K filed on June 12, 2023, is hereby incorporated by reference.*](#)
- 10.32 [Form of Executive Tandem Restricted Stock and Cash Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, effective May 24, 2023, filed as Exhibit 10.26 to the Registrant's Form 10-K filed on June 12, 2023, is hereby incorporated by reference.*](#)

- 10.33 [Option Award Agreement, dated as of July 18, 2025, by and between Orion Energy Systems, Inc. and Sally A. Washlow, filed as Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A filed on July 7, 2025, is hereby incorporated by reference.](#)
- 10.34 [Form of Executive Option Award Agreement under the Orion Energy Systems, Inc. 2016 Omnibus Incentive Plan, filed as Exhibit 10.31 to the Registrant's Form 10-K filed on June 26, 2025, is hereby incorporated by reference.](#)
- 10.35 [Form of Option Award Agreement, filed as Exhibit 10.32 to the Registrant's Form 10-K filed on June 26, 2025, is hereby incorporated by reference.](#)
- 10.36 [Form of Restricted Stock Award Agreement, filed as Exhibit 10.33 to the Registrant's Form 10-K filed on June 26, 2025, is hereby incorporated by reference.](#)
- 19.1 [Insider Trading Policy, filed as Exhibit 19.1 to the Registrant's Form 10-K filed on June 26, 2025, is hereby incorporated by reference.](#)
- 21.1 [Subsidiaries of Orion Energy Systems, Inc., filed as Exhibit 21.1 to the Registrant's Form 10-K filed on June 26, 2025, is hereby incorporated by reference.](#)
- 23.1 [Consent of Independent Registered Public Accounting Firm. +](#)
- 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 and 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. +](#)
- 97 [Orion Energy Systems, Inc. Compensation Recovery Policy, filed as Exhibit 97 to the Registrant's Form 10-K filed on June 26, 2025, is hereby incorporated by reference.](#)
- 101 101.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 Annual Report on Form 10-K for the fiscal year ended March 31, 2026, has been formatted in Inline XBRL

Documents incorporated by reference by Orion Energy Systems, Inc. are filed with the Securities and Exchange Commission under File No. 001-33887.

* Management contract or compensatory plan or arrangement.

+ Filed herewith

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on June 4, 2026.

ORION ENERGY SYSTEMS, INC.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the Registrant in the capacities indicated on June 4, 2026.

Signature	Title
<u>/s/ Sally A. Washlow</u> Sally A. Washlow	Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ J. Per Brodin</u> J. Per Brodin	Chief Financial Officer, Executive Vice President, Chief Accounting Officer and Treasurer (Principal Financial and Principal Accounting Officer)
<u>/s/ Anthony L. Otten</u> Anthony L. Otten	Board Chair
<u>/s/ Heather L. Wishart-Smith</u> Heather L. Wishart-Smith	Director
<u>/s/ Ellen B. Richstone</u> Ellen B. Richstone	Director
<u>/s/ Richard A. Shapiro</u> Richard A. Shapiro	Director

Executive Officers

Sally A. Washlow

Chief Executive Officer

John Per Brodin

*Executive Vice President, Chief Financial Officer,
Chief Accounting Officer and Treasurer*

Scott A. Green

President and Chief Operating Officer

Board of Directors

Anthony L. Otten (1), (2), (3a), (4)

*Retired Chief Executive Officer, Versar, Inc.,
Managing Member, Stillwater, LLC*

Ellen B. Richstone (1a), (2), (3)

*Director, National Association of Corporate
Directors (NACD-New England), Cognition
Therapeutics, Inc., Superior Industries
International and eMargin Corporation*

Richard A. Shapiro (2)

Founder/CIO, Ridge Run Partners, LLC

Heather Wishart-Smith (1), (2a), (3)

*Former Senior Vice President, Technology and
Innovation, Jacobs Solutions Inc.*

Sally A. Washlow

*Chief Executive Officer, Orion Energy Systems,
Inc.*

(1) *Audit and Finance Committee*

(2) *Human Capital Mgmt & Compensation
Committee*

(3) *Nominating and Corporate Governance
Committee*

(4) *Board Chair*

(a) *Committee Chair*