

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 2, 2022

ORION ENERGY SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Wisconsin
(State or other jurisdiction
of incorporation)

01-33887
(Commission
File Number)

39-1847269
(IRS Employer
Identification No.)

**2210 Woodland Drive,
Manitowoc, Wisconsin**
(Address of principal executive offices)

54220
(Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425, under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12, under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b), under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c), under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition.

On August 3, 2022, Orion Energy Systems, Inc. (the “Company”) issued a press release announcing the senior management and board of directors composition changes discussed below, and a separate press release announcing the Company’s financial results for its fiscal 2023 first quarter ended June 30, 2022. A copy of each press release is furnished as Exhibit 99.1 and 99.2 to this Current Report on Form 8-K.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Retirement of Michael W. Altschaeffl as Chief Executive Officer

The Company announced today that Michael W. Altschaeffl, the Company’s Chief Executive Officer and Board Chair, intends to voluntarily retire from his position as Chief Executive Officer of the Company effective November 10, 2022 (the “Retirement Date”). As described below, Anthony L. Otten, the Company’s current lead independent director, will begin serving as the Company’s independent Board Chair immediately after the Company’s 2022 annual shareholders meeting on August 4, 2022 (“Annual Meeting”). Mr. Altschaeffl has served as the Company’s Chief Executive Officer and Board Chair since May 2017 and has served as a member of the Company’s board of directors since October 2009. Mr. Altschaeffl will continue to serve as a director of the Company, with an expected retirement date from the board of directors immediately after the Company’s 2023 annual meeting of shareholders. Thereafter, he may provide consulting services to the Company until December 31, 2023.

In conjunction with his announced planned retirement, on August 2, 2022, the Company and Mr. Altschaeffl entered into a Voluntary Retirement and Consulting Agreement (the “Retirement Agreement”). Pursuant to the Retirement Agreement, in addition to the continuation of certain health insurance benefits through age 65 for both Mr. Altschaeffl and his wife, (i) the Company will pay Mr. Altschaeffl his current base salary and other accrued benefits owed to him through the Retirement Date; (ii) Mr. Altschaeffl will be entitled to receive a pro-rata fiscal 2023 annual and special bonus to the extent earned by and paid to the Company’s other senior executive officers; and (iii) all of Mr. Altschaeffl’s current (A) unvested restricted stock (and any related restricted cash awards) will become fully vested on the Retirement Date, (B) unvested performance share awards will become fully vested on the Retirement Date (with performance share awards deemed fully vested at their “target” level of 66%) and (C) existing stock options that have vested as of the Retirement Date may be exercised by Mr. Altschaeffl pursuant to the terms of the individual option award grants. Mr. Altschaeffl will be entitled to receive non-employee director compensation for continuing to serve on the board of directors after the Retirement Date. All of Mr. Altschaeffl’s unvested restricted stock and restricted cash awards earned after the Retirement Date as a non-employee member of the board of directors will become fully vested upon his retirement from the board of directors.

In connection with Mr. Altschaeffl’s retirement and planned transition to a consulting role after he retires from the board of directors, the Company will pay Mr. Altschaeffl \$300 per hour for his consulting services provided starting after the date Mr. Altschaeffl is no longer a member of the board of directors until December 31, 2023.

Under the Retirement Agreement, Mr. Altschaeffl agreed to a general release of any claims in favor of the Company and its affiliates and reaffirmed his existing confidentiality, noncompetition and non-solicitation obligations. He also agreed to certain so-called “standstill” restrictions during his consulting period and for two years thereafter.

Appointment of Michael H. Jenkins as new Chief Executive Officer

In conjunction with Mr. Altschaeffl’s announced planned retirement, the Company also announced the appointment of Michael H. Jenkins as the Company’s new Chief Executive Officer, effective as of Mr. Altschaeffl’s Retirement Date. Mr. Jenkins, age 53, currently serves as the Chief Operating Officer and Executive Vice President of the Company, a position he has held since November 11, 2021. Prior to joining the Company, Mr. Jenkins served as Construction and Consumer Business Director, General Manager - Americas of Bostik, Inc., a global adhesives business, from 2013 until November 2021. Prior to joining Bostik, Mr. Jenkins served as Vice President Sales, Americas - Diversy, and previously, as Vice President Marketing, Americas, for Sealed Air Corporation, a publicly traded integrated cleaning solutions and packaging company, from 2010 to 2012. Prior to 2010, Mr. Jenkins worked for Kohler Co., Master Lock and Illinois Tool Works in a variety of sales and marketing capacities.

In connection with his new appointment, on August 2, 2022, the Company entered into an Amended Executive Employment and Severance Agreement with Mr. Jenkins, effective as of the Retirement Date (the “Amended Employment Agreement”), pursuant to which he will be provided with the following new compensation arrangements: (i) an annual base salary of \$425,000; and (ii) a pre-change of control severance multiplier of 1.5x and a post-change of control severance multiplier of 2.0.

Additionally, Mr. Jenkins will receive (i) a new grant of restricted stock with a value of \$42,750 (which will increase his total fiscal 2023 target long-term incentive award value to \$403,750 from \$361,000, or 95% of his new base salary), 75% of which will vest annually pro-rata over a three-year period and 25% of which will be subject to vesting based on the Company’s revenue growth targets over three fiscal years; (ii) a one-time promotion grant of 25,000 shares of restricted stock vesting annually pro rata over a three-year period; (iii) a special fiscal 2023 bonus of either \$75,000 or \$100,000 if the Company’s revenue for fiscal 2023 meets certain targets; and (iv) an increase in his target fiscal 2023 annual bonus eligibility potential to 90% of his actual base salary paid in fiscal 2023 from 60%.

Board Leadership and Composition Changes

Effective immediately after the Annual Meeting, as described above, the combined position of Chief Executive Officer and Board Chair will be separated and the Company’s lead independent director, Anthony L. Otten, will begin serving as the Company’s independent Board Chair.

In addition, effective on the Retirement Date, the size of the Company’s board of directors will be increased from five to six members and Mr. Jenkins will be appointed to the board of directors as a Class I director to serve an initial term set to expire at the Company’s 2023 annual meeting of shareholders. There are no arrangements or understandings between Mr. Jenkins and any other person pursuant to which Mr. Jenkins was selected as an officer and a director, there are no family relationships between Mr. Jenkins and any other director or other officer of the Company, and there are no transactions in which the Company is a party and in which Mr. Jenkins has a material interest subject to disclosure under Item 404(a) of Regulation S-K.

The foregoing descriptions of the Retirement Agreement and the Amended Employment Agreement are qualified in their entirety by reference to the full text of the Retirement Agreement and the Amended Employment Agreement, copies of which are filed herewith as Exhibits 10.1 and 10.2, respectively, and are incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On August 3, 2022, the Company issued a press release announcing the senior management and board of directors composition changes discussed above, and a separate press release announcing the Company’s financial results for its fiscal 2023 first quarter ended June 30, 2022. A copy of each press release is furnished as Exhibit 99.1 and 99.2 to this Current Report on Form 8-K.

Item 8.01. Other Events.

As previously disclosed in the Company’s proxy statement for the Annual Meeting, Alan Howe, a director since May 2019, has determined not to stand for reelection to the Company’s board of directors at the Annual Meeting because of his extensive board of director commitments at other companies. In connection with Mr. Howe’s decision not to stand for re-election, but in order to ensure the Company may still avail itself of Mr. Howe’s expertise, particularly in connection with evaluating potential acquisitions, the Company entered into a two-year consulting agreement on August 2, 2022 with Mr. Howe effective immediately after his departure from the board of directors after the Annual Meeting (the “Consulting Agreement”). Pursuant to the Consulting Agreement, the Company will pay Mr. Howe a retainer of \$25,000 per year to provide his consulting services to the Company and his unvested restricted stock will be allowed to continue to vest over their term as if Mr. Howe remained on the board of directors.

The foregoing description of the Consulting Agreement is qualified in its entirety by reference to the full text of the Consulting Agreement, a copy of which is filed herewith as Exhibit 10.3, and is incorporated herein by reference.

Item 9.01(d) Financial Statements and Exhibits.

- Exhibit 10.1* [Voluntary Retirement and Consulting Agreement, dated as of August 2, 2022 and effective as of November 10, 2022, between Orion Energy Systems, Inc. and Michael W. Altschaefl.](#)
- Exhibit 10.2* [Amended Executive Employment and Severance Agreement, effective as of November 10, 2022, by and between Orion Energy Systems, Inc. and Michael H. Jenkins.](#)
- Exhibit 10.3* [Consulting Agreement, dated as of August 2, 2022 and effective as of August 4, 2022, between Orion Energy Systems, Inc. and Alan Howe.](#)
- Exhibit 99.1* [Press Release of Orion Energy Systems, Inc., dated August 3, 2022.](#)
- Exhibit 99.2* [Press Release of Orion Energy Systems, Inc., dated August 3, 2022.](#)
- Exhibit 104* Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ORION ENERGY SYSTEMS, INC.

Date: August 3, 2022

By: /s/ Michael W. Altschaefl
Michael W. Altschaefl
Chief Executive Officer and Board Chair

MICHAEL W. ALTSCHAEFL

VOLUNTARY RETIREMENT AND CONSULTING AGREEMENT

THIS VOLUNTARY RETIREMENT AND CONSULTING AGREEMENT (“Agreement”) is made by and between **ORION ENERGY SYSTEMS, INC.** (“Company”) and **MICHAEL W. ALTSCHAEFL** (“Altschaefl”) and is dated as of August 2, 2022, but not effective until November 10, 2022 (the “Retirement Date”).

A. **WHEREAS**, Altschaefl and Company are currently parties to an Amended and Restated Executive Employment and Severance Agreement effective as of June 1, 2020 (“Current Employment Agreement”).

B. **WHEREAS**, Altschaefl and Company are also currently parties to a Proprietary Information and Intellectual Property Agreement (“Intellectual Property Agreement”).

C. **WHEREAS**, Altschaefl and Company are also currently parties to a number of stock option agreements and restricted stock/restricted cash (and performance stock) award agreements (“Equity Grant Agreements”).

D. **WHEREAS**, Altschaefl and Company have mutually agreed that Altschaefl is voluntarily retiring as the Company’s Chief Executive Officer, effective as of the close of business on the Retirement Date, which Altschaefl and Company mutually agree will constitute a voluntary retirement by Altschaefl without Good Reason (as defined in the Current Employment Agreement) under Section 5(d) of his Current Employment Agreement.

E. **WHEREAS**, as a result of Mr. Altschaefl’s voluntary retirement without Good Reason from his employment on the Retirement Date, he is entitled to his Accrued Benefits (as defined in the Current Employment Agreement) and, additionally, the Compensation Committee (“Committee”) of the Board has further determined to provide Mr. Altschaefl with certain additional payments, compensation and benefits in consideration of his significant contributions made to improve and enhance the Company for the benefit of the Company and its shareholders and employees, all as set forth in this Agreement.

F. **WHEREAS**, Altschaefl and Company have agreed that, following the Retirement Date, Altschaefl shall remain a member of the Company’s Board of Directors (“Board”) until and through the Company’s 2023 annual shareholder meeting and thereafter shall further remain available to provide standby consulting services on an “as-needed” basis to Company, the Board and/or Company’s new Chief Executive Officer, all in accordance with the terms set forth herein.

G. **WHEREAS**, in consideration of Altschaefl agreeing to all of the terms and conditions of this Agreement (including reaffirming his existing restrictive covenant obligations), Company is willing to provide Altschaefl with certain payments, compensation and other additional benefits, all as described below, pursuant to the Current Employment Agreement and as otherwise set forth below.

NOW THEREFORE, Company and Altschaeffl, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. Employment Retirement; Continued Board Service. Altschaeffl hereby voluntarily retires without Good Reason and will cease to serve, effective as of the Retirement Date, as (a) Chief Executive Officer of the Company and (b) a director and/or officer of any and all plans, subsidiaries and affiliates of Company, and Company hereby accepts such retirement effective as of the Retirement Date; provided, that from and after the Retirement Date up to and including the Company's 2023 annual shareholders meeting (and until his successor is duly qualified and elected), Altschaeffl shall remain a member of the Board and, during such period, he shall be entitled to receive the compensation and benefits otherwise provided to a non-employee member of the Board. Altschaeffl and Company mutually agree that Altschaeffl's voluntary retirement constitutes Altschaeffl's voluntary termination without Good Reason under Section 5(d) of the Current Employment Agreement. Altschaeffl agrees not to reapply for employment with Company or any subsidiary or affiliate thereof after the Retirement Date.

2. Payments, Compensation and Other Retirement Benefits. Subject to Altschaeffl's compliance with this Agreement and the continuing provisions of the Current Employment Agreement, Intellectual Property Agreement and the Equity Grant Agreements applicable to Altschaeffl:

A. Salary and Other Compensation Through Retirement Date. Within five (5) business days of the Retirement Date, Company will pay Altschaeffl a cash sum equal to his current Base Salary and other Accrued Benefits (as both such terms are defined in the Current Employment Agreement) otherwise due to him through the Retirement Date (less required withholdings). Altschaeffl has no other claims with respect thereto.

B. Pro-Rated Fiscal 2023 Annual Bonus Payment. If, when and to the extent earned by and paid to Company's other senior executive officers pursuant to the terms and conditions of Company's fiscal 2023 executive bonus plan (including both the Company's regular fiscal 2023 annual bonus and any special fiscal 2023 bonus) as interpreted and determined in the sole discretion of the Committee ("Bonus Plan"), Altschaeffl shall be entitled to receive from Company his fiscal 2023 regular and/or special annual bonus under the Bonus Plan, with any such regular and/or special bonus amount otherwise earned and payable to Altschaeffl under the Bonus Plan to be pro-rated for the amount of days during fiscal 2023 Altschaeffl served as Company's Chief Executive Officer up to the Retirement Date, which shall be calculated by multiplying such earned and payable bonus amount by a fraction, the numerator of which is the number of days that have elapsed during Company's fiscal 2023 through the Retirement Date (224) and the denominator of which is 365 (less required withholdings). Altschaeffl has no other claims with respect thereto (including with respect to any fiscal 2023 discretionary bonus pool pursuant to which the Chief Executive Officer has the discretion to allocate).

C. Accrued Vacation. Altschaeffl and Company acknowledge and agree that, as part of the Accrued Benefits payment made by Company pursuant to Section 2A, Company will pay Altschaeffl his accrued and unused pro-rated vacation days for fiscal 2023 through the Retirement Date (less required withholdings). Altschaeffl has no other claims with respect thereto.

D. Business Expenses. Altschaeffl and Company acknowledge and agree that, as part of the payment made by Company pursuant to Section 2A, Company will reimburse Altschaeffl for all business expenses (including any unpaid amount of his automobile allowance) incurred by him through the Retirement Date that conform to Company's business expense policy. Altschaeffl has no other claims with respect thereto.

E. Treatment of Equity Awards. Altschaeffl and Company agree that, all of Altschaeffl's current unvested restricted stock (and any related restricted cash) awards, as well as all of Altschaeffl's current unvested performance share awards, all as set forth on Exhibit A, shall become fully vested as of the Retirement Date. With respect to Altschaeffl's June 10, 2022 performance share grant, such grant shall be deemed fully vested at its "target" level of 66% as of the Retirement Date. Altschaeffl shall retain all of his restricted stock awards that have vested as of the Retirement Date (and be paid with respect to any related restricted cash together with the payment made by Company pursuant to Section 2A, less

required withholdings). All of Altschaeffl's current existing stock options that have vested as of the Retirement Date may be exercised by him pursuant to the terms of Altschaeffl's applicable Equity Grants Agreements. For the sake of clarity and to avoid ambiguity, Altschaeffl's current stock options issued on May 28, 2013 (which have all fully vested) may be exercised by Altschaeffl in accordance with the terms of the applicable Equity Grant Agreement until May 28, 2023. Altschaeffl has no other claims with respect thereto, with it being understood and agreed that, as a non-employee member of the Board, Altschaeffl shall be entitled to any further equity grants as, when and to the extent otherwise provided to non-employee directors. Upon Mr. Altschaeffl's cessation from the Board, all of his then current unvested restricted stock/restricted cash awards received as a non-employee member of the Board shall become fully vested.

F. Continued Medical Coverage. From and after the Retirement Date, Company shall continue to provide Altschaeffl and his spouse with his and her current family health insurance plan coverage, or equivalent, and Company shall pay both the employer and employee portion of such coverage until Altschaeffl and his spouse are eligible for Medicare coverage. Altschaeffl has no other claims with respect thereto.

G. Assignment of Life Insurance Policies. Company will assign to Altschaeffl all of Company's interest in all policies of insurance on Altschaeffl's life currently in effect, including both the \$1 million individual life insurance policy and the \$4 million key-man insurance policy. These assignments shall take place as promptly as practical after the Retirement Date. Altschaeffl will be responsible for all future premium payments due and payable on such policies beginning after the Retirement Date. Altschaeffl has no other claims with respect thereto.

H. Tail D&O Insurance Coverage. As promptly as practical after the date when Altschaeffl is no longer a member of the Board, Company shall obtain, at its cost and expense, a six-year tail director and officer insurance policy covering Altschaeffl on the same terms and conditions as the similar tail director and officer insurance policies previously obtained by Company for its other previously retiring directors. Altschaeffl has no other claims with respect thereto.

I. Cessation of All Other Benefits. Other than as set forth above (or vested rights under Altschaeffl's Company 401(k) Plan account), Altschaeffl acknowledges and agrees that all employee-related coverage and/or benefits under all other benefit and insurance plans and programs maintained by Company, including long-term and short-term disability, will cease effective as of the Retirement Date. Altschaeffl has no other claims with respect thereto.

J. No Unemployment Compensation Claim. From and after the Retirement Date, Altschaeffl agrees not to file for unemployment compensation relating to his employment with, or voluntary retirement from, Company or any subsidiary or affiliate thereof.

K. Waiver of Any Other Compensation and Benefits. Except as otherwise provided herein, Altschaeffl acknowledges and agrees that he is not entitled to, and he hereby completely waives and releases, any and all rights or claims to any other severance, compensation, salary, bonuses, reimbursements, allowances, dues or other benefits or insurance from or by Company or any affiliate or subsidiary thereof, whether pursuant to the Current Employment Agreement or otherwise (including hereby specifically waiving and releasing any rights or claims to any severance under Section 5(c) of the Current Employment Agreement), except as otherwise specifically provided in this Agreement.

L. Acknowledgement. Altschaeffl acknowledges and agrees that payments, compensation and other benefits provided to him pursuant to this Agreement will not be paid or provided, and will otherwise be forfeited and repaid by him to Company, unless (i) he accepts (and does not revoke) this Agreement and (ii) he continues to comply with all of the applicable terms of this Agreement, the Current Employment Agreement, the Intellectual Property Agreement and the Equity Grant Agreements.

3. Consulting Payments. For a term from and after the date that Altschaeffl ceases to be a member of the Board through December 31, 2023 (“Consulting Period”), Company will pay Altschaeffl \$300.00 per hour dedicated by Altschaeffl to providing consulting services as and when reasonably requested by Company, Board or Company’s new Chief Executive Officer (“Consulting Payments”), together with reimbursement of all ordinary and reasonable out-of-pocket expenses incurred by Altschaeffl in connection with providing consulting services hereunder. Altschaeffl may provide such consulting services in any manner deemed reasonably appropriate by Altschaeffl and Company. Altschaeffl shall invoice Company at the end of each month during the Consulting Period for his Consulting Payments based on the actual consulting time spent by Altschaeffl on Company-related matters during such month, together with an invoice for any reasonable out-of-pocket expenses related to providing such services incurred by him during such month (with supporting detail). Altschaeffl will not be entitled to any severance payments or other severance-related benefits upon the conclusion of the Consulting Period.

4. Company Documents and Property.

A. Access to Documents and Property During Continued Service. After the Retirement Date, in order to continue to facilitate Altschaeffl’s performance of his continuing service as a member of the Board and thereafter as a consultant to Company, Altschaeffl shall have continued access to the business, facilities, computer networks, documents, records and other property of Company (including his cell phone and computer) in a manner similar to the access provided to Altschaeffl prior to his Retirement Date.

B. Return of All Company Documents and Property Following Continued Service. Within three (3) business days of the date that is the earlier of (i) the end of the Consulting Period or (ii) the date requested by Company, Altschaeffl will return to Company all documents and property (including, without limitation, all records, memoranda, notes, correspondence, customer information, reports, manuals, plans, computer discs, tapes and files, printouts, software, presentations and the like, including all copies thereof, computers, telephones, PDAs, equipment, access cards, keys and the like) in his possession or under his control pertaining to Company’s business, but excluding Altschaeffl’s personal files and property (which, if in Company’s possession, will be returned to him within three (3) business days of such date). Altschaeffl will not copy or cause to be copied any of Company’s records nor cause a removal of any record, document or property belonging to Company from the premises without authorization from Company.

5. Ongoing Compliance with Various Obligations.

A. Ongoing Confidentiality Agreement. Altschaeffl hereby reaffirms and restates his continuing obligations as set forth in Section 7(a) of the Current Employment Agreement to maintain the confidentiality of Company information, which Section 7(a) is hereby incorporated by reference herein and shall remain in full force and effect unaffected by this Agreement. Altschaeffl understands and agrees that, except specifically as provided in Section 7(a) of the Current Employment Agreement, this is an absolute and strict obligation of confidentiality and nonuse of information important to Company’s continued business success. Altschaeffl recognizes and agrees that additional consideration to which he would not otherwise be entitled is being provided to him hereunder for him to reaffirm and agree to his foregoing obligations.

B. Ongoing Noncompetition and Nonsolicitation Agreement. Altschaeffl hereby reaffirms and restates his continuing obligations as set forth in Section 7(b) of the Current Employment Agreement not to compete with Company, and not to solicit Company's customers, agents, vendors and employees, during the Consulting Period and for two years from and after the end of the Consulting Period, on the terms and conditions, and to the extent, set forth in Section 7(b) of the Current Employment Agreement, which Section 7(b) is hereby incorporated by reference herein and shall remain in full force and effect unaffected by this Agreement. Altschaeffl recognizes and agrees that additional consideration to which he would not otherwise be entitled is being provided to him hereunder for him to reaffirm and agree to his foregoing obligations.

C. Disclosure and Assignment of Inventions and Innovations. Altschaeffl hereby reaffirms and restates his continuing obligations as set forth in Section 7(c) of the Current Employment Agreement with respect to the disclosure and assignment to Company of all Innovations (as defined in the Current Employment Agreement), which Section 7(c) is hereby incorporated by reference herein and shall remain in full force and effect unaffected by this Agreement. Altschaeffl recognizes and agrees that additional consideration to which he would not otherwise be entitled is being provided to him hereunder for him to reaffirm and agree to his foregoing obligations.

D. Intellectual Property Unaffected. Altschaeffl understands and agrees that this Agreement does not and shall not supersede any obligations pertaining to confidential/proprietary information or intellectual property pursuant to any agreements that he has previously entered into with Company, and Altschaeffl further understands and agrees that, in consideration of the payments, compensation and other benefits provided to him pursuant to this Agreement, Altschaeffl's Intellectual Property Agreement with Company is hereby reaffirmed and restated in all respects, is hereby incorporated herein by reference and shall remain in full force and effect unaffected by this Agreement. Altschaeffl shall promptly and fully comply with any request of Company, its attorneys and agents with respect to Company's intellectual property rights. During the Consulting Period and for two years after the end of the Consulting Period, Altschaeffl will not initiate, propose, support, or otherwise participate in any acquisition or attempted acquisition (e.g., via the USPTO, license, purchase, or other means) of intellectual property in or related to the fields of lighting or lighting controls, provided that the foregoing restriction shall not apply to Altschaeffl in his capacity as a consultant to Company. Moreover, Altschaeffl will not take any action, directly or indirectly, that will damage or otherwise impair the value of Company's existing or future intellectual property. Altschaeffl recognizes and agrees that additional consideration to which he would not otherwise be entitled is being provided to him hereunder for him to reaffirm and agree to his foregoing obligations.

E. Equity Grant Agreements Unaffected. Altschaeffl understands and agrees that, except as provided herein, this Agreement does not and shall not supersede any of his ongoing rights and obligations set forth in the Equity Grant Agreements and Altschaeffl further understands and agrees that, in consideration of the payments, compensation and other benefits provided to him pursuant to this Agreement, Altschaeffl's Equity Grant Agreements with Company are hereby reaffirmed and restated in all respects, are hereby incorporated herein by reference and shall remain in full force and effect unaffected by this Agreement. Altschaeffl recognizes and agrees that additional consideration to which he would not otherwise be entitled is being provided to him hereunder for him to reaffirm and agree to his foregoing obligations.

F. Equitable Relief. In the event of any breach by Altschaeffl of any of the covenants herein contained in this Section 5 (including Sections 7(a), 7(b) and/or 7(c) of the Current Employment Agreement, his Intellectual Property Agreement and his Equity Grant Agreements), it is specifically understood and agreed that Company shall be entitled, in addition to any other remedy which it may have, to equitable relief by way of injunction or otherwise.

G. Necessary and Reasonable Restrictions. The foregoing restrictions in this Section 5 (including Sections 7(a), 7(b) and 7(c) of the Current Employment Agreement, his Intellectual Property Agreement and his Equity Grant Agreements) are deemed fair and reasonable to Company and Altschaeff, and Altschaeff acknowledges and agrees that these restrictions are necessary to protect Company from the unfair competition of Altschaeff who, as a result of his long-standing association with, and as an executive officer and director of, Company, has had access to, used and/or acquired confidential information of Company pertaining to its customers, agents, vendors, business and operations. Altschaeff acknowledges and agrees that such confidential information is of special and unique value to, and constitutes a valuable asset of, Company, and that the duration and scope of the restrictive covenants contained herein (including Sections 7(a), 7(b) and 7(c) of the Current Employment Agreement, his Intellectual Property Agreement and his Equity Grant Agreements) are reasonable and necessary to protect Company.

H. Other Agreements. Altschaeff understands and agrees that this Agreement does not and shall not supersede any obligations pertaining to any non-compete, non-solicitation, and confidentiality agreements that he has previously entered into with the Company, including those contained in the Current Employment Agreement, his Intellectual Property Agreement and his Equity Grant Agreements, and Altschaeff further understands and agrees that, in consideration of the payments, compensation and other benefits provided to him pursuant to this Agreement, his prior agreements are hereby ratified and reaffirmed in all respects and shall remain in full force and effect in accordance with the respective terms thereof. Altschaeff also agrees that, during the Consulting Period and for a period of two years from the end of the Consulting Period, not to, directly or indirectly, (i) initiate, propose, support or otherwise participate in any offer to acquire, acquisition, merger, tender offer or other business combination transaction affecting Company; (ii) initiate, propose, support or otherwise participate in any proxy contest, proxy solicitation or shareholder proposal relating to Company; (iii) acquire any additional stock of the Company (other than pursuant to option exercises or stock purchases that are strictly a passive investment and in any event not to exceed total beneficial ownership of five percent (5%) of Company's fully-diluted outstanding common stock); or (iv) attempt to influence or interfere or otherwise adversely affect the Board, management or the affairs of Company, provided that the restrictions contained in (i) and (iv) shall not apply to Altschaeff in his capacity as a consultant of Company. From and after the Retirement Date and through the Consulting Period, and for a period of two years from the end of the Consulting Period, Altschaeff will vote all Company shares beneficially owned by him in favor of any Board recommendation submitted to a vote of Company's shareholders.

6. Altschaeff's Release.

A. General Release. In consideration of the payments, compensation and additional benefits provided to Altschaeff pursuant to this Agreement, Altschaeff, individually, and as an officer, director, employee and shareholder of Company and in all other capacities, does hereby fully and completely forever discharge, waive and release, and covenants not to sue, Company (including its subsidiaries and affiliates) and its past, present and future employees, agents, representatives, attorneys, officers, directors and shareholders, from and with respect to any and all actions, causes of action, claims, demands, damages, liabilities, costs, expenses and/or compensation of any kind and nature whatsoever (collectively and individually, "Claims") on account of, or in any way growing out of, any and all known and unknown facts, circumstances or matters resulting from or related to (i) Altschaeff's ownership of stock in Company; (ii) Altschaeff's employment with Company and his status, position, actions or failure to act in his capacity as an officer, director, employee or representative of Company; (iii) the voluntary termination by Altschaeff of his employment with Company; and/or (iv) any or all of the above, except only a breach or default by Company of this Agreement, including, but not limited to Company's failure to pay or provide Altschaeff any and all amounts or consideration due hereunder. Notwithstanding the foregoing in this Section 6A, Company shall be obligated to indemnify Altschaeff to the full extent allowed by Wisconsin law and its Bylaws if he is or should become a party or is threatened to be made a party to any formal or informal threatened, pending or completed action, suit or proceeding, whether civil, criminal,

administrative or investigative, initiated by a third party (collectively, "Actions" and individually an "Action"), by reason of the fact that he is or was a director or officer of Company (or any subsidiary or affiliate thereof) and is or was serving at the request of Company as a director, officer, employee, consultant or agent of another corporation, partnership, joint venture, trust or other enterprise, or is or was serving at the request of Company as a fiduciary of an employee benefit plan or as an employee or agent of Company (or any subsidiary or affiliate thereof), against (a) reasonable expenses actually incurred by him, including without limitation, attorneys' fees actually and reasonably incurred by him in connection with any Action; (b) amounts actually and reasonably incurred by him in settlement of any Action; and (c) judgments, fines, penalties or other amounts actually incurred by him pursuant to an adjudication of liability in connection with any Action.

B. Specific Release. By way of example only and without in any way limiting the generality of the foregoing release language set forth in Section 6A above, Altschaeff's release includes a complete release of any and all Claims under or based on (i) Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §2000e et seq.; (ii) the Americans with Disabilities Act of 1991, 42 U.S.C. §1211-1217; (iii) the Rehabilitation Act of 1973, as amended, through 1988; (iv) the Employment Retirement Income Security Act of 1974, 29 U.S.C. §1001 et seq.; (v) the Fair Labor Standards Act of 1938, 29 U.S.C. §201 et seq.; (vi) the National Labor Relations Act, 29 U.S.C. §151 et seq.; (vii) the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 et seq.; (viii) the Wisconsin Fair Employment Law, § 111.33, et seq., Wis. Stats.; (ix) the Wisconsin Family and Medical Leave Act, § 103.10, Wis. Stats.; (x) any other federal, state or local statute, ordinance or regulation dealing in any respect with employment, discrimination or retirement of employment; (xi) any alleged wrongful or retaliatory discharge, breach of an oral or written contract, misrepresentation, defamation, interference with contract or tortious conduct; and (xii) any alleged breach of fiduciary duty or other claim relating to Altschaeff's past actions or inactions as a director or officer of Company and/or his ownership of Company stock.

C. Complete Bar of Claims. It is the intention of Altschaeff in executing this Agreement that these provisions of this Section 6, subject to the exceptions set forth in Section 6A above, shall be effective as a complete bar to each and every Claim hereinabove described and that these provisions shall be binding upon Altschaeff and his agents, attorneys, personal representatives, executors, administrators, heirs, beneficiaries, successors and assigns.

7. Company's Release.

A. General Release. Company does hereby fully and completely forever discharge, waive and release, and covenants not to sue, Altschaeff from any and all Claims on account of, or in any way growing out of, any and all known and unknown facts, circumstances or matters resulting from or related to Altschaeff's (i) status, position, actions or failure to act in his capacity as an officer or employee of Company (or any subsidiary or affiliate thereof) prior to the Retirement Date; (ii) employment with Company prior to the Retirement Date; and (iii) his voluntary termination of employment with Company, or any of the above, or for any other reason, except only a breach or default by Altschaeff of this Agreement or the continuing provisions of the Current Employment Agreement, the Intellectual Property Agreement or the Equity Grant Agreements applicable to Altschaeff pursuant to Section 5 above.

B. Complete Bar of Claims. It is the intention of Company in executing this Agreement that these provisions of this Section 7, subject to the exceptions set forth in Section 7A above, shall be effective as a complete bar to each and every Claim hereinabove described and that those provisions shall be binding upon Company (or any subsidiary or affiliate thereof) and its agents, representatives, administrators, beneficiaries, successors and assigns.

8. Acceptance. Altschaeffl acknowledges that he has had sufficient time to read this Agreement and consider his acceptance of this Agreement and voluntarily enters into this Agreement with full knowledge of its meaning and consequences. In entering into this Agreement, Altschaeffl has had the opportunity to be represented by legal counsel and is otherwise relying on his own judgment and knowledge and not on representations or statements made by Company, its shareholders, directors, officers, employees, attorneys or agents. Altschaeffl has executed this Agreement in consideration for the payments, compensation and other benefits and consideration described above and Altschaeffl acknowledges and agrees that such payments, compensation and other benefits represent substantial consideration in addition to anything of value that he is otherwise entitled to receive from Company under his Current Employment Agreement or otherwise. The payments, compensation and other benefits described above are sufficient to fully support this Agreement and the voluntary retirement of Altschaeffl without Good Reason from his employment with Company.

9. Non-Admission. The parties' execution of this Agreement is not to be construed an admission of any wrongdoing or liability whatsoever by or on behalf of either party, or his or its respective directors, officers, employees, representatives, attorneys or agents.

10. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Wisconsin.

11. Relationship of Payments, Compensation and Benefits to Altschaeffl's Rights Under Other Benefit Plans. Altschaeffl agrees that the payments, compensation and other additional benefits payable to him hereunder shall not be taken into account for purposes of determining any of his benefits under any qualified or nonqualified benefit plans of Company.

12. Violation of this Agreement and Release—Loss of Payments, Compensation and Other Benefits and Payment of Costs. If Altschaeffl breaches or violates this Agreement and/or the continuing provisions of the Current Employment Agreement, the Intellectual Property Agreement or the Equity Grant Agreements applicable to Altschaeffl pursuant to Section 5 in any way (a "Breach"), or if Altschaeffl brings an action asking that this Agreement be revoked, declared invalid or unenforceable, then (i) Altschaeffl will tender back to Company the payments, compensation and all other benefits, payments, restricted stock and other consideration which Altschaeffl has received as consideration for this Agreement (together with interest thereon at the prime rate) within five (5) days of demand by Company and (ii) all future payment, benefits and other consideration (including all stock options and restricted stock, restricted cash and performance shares) shall immediately cease and be null and void. If Altschaeffl's action is unsuccessful or if Company successfully brings an action for his failure to comply with the terms of this Agreement, Altschaeffl further agrees that he will pay all costs, expenses and reasonable attorneys' fees incurred by Company in its successful defense against the action Altschaeffl brought or in Company's successful prosecution of the action Company brought.

13. Code Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from, Internal Revenue Code Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith or exempt therefrom.

14. Counterparts; Delivery. This Agreement may be executed by the parties in separate counterparts and may be legally delivered by any electronic means.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first set forth above.

ORION ENERGY SYSTEMS, INC.

By: /s/ Mark Williamson

Mark Williamson
Compensation Committee Chair

/s/ Michael W. Altschaefl

Michael W. Altschaefl

Altschaeff's Equity Awards

Grant Date	Type of Award	Total # of Shares/\$	Unvested Shares/\$	Unvested Shares/ \$ at Retirement Date
8/12/19	Restricted Stock	63,747	21,249	Will vest on 8/12/22
8/12/19	Restricted Cash	\$ 114,320	\$ 38,107	Will vest on 8/12/22
6/9/20	Restricted Stock	92,155	30,718	30,718
6/4/21	Restricted Stock	71,070	47,380	47,380
6/10/22	Restricted Stock (3 yr. vest)	163,417	163,417	163,417
6/10/22	Performance Stock Target at 66% Vest	54,472	54,472	35,952

Name of Executive:	Michael H. Jenkins
Position:	Chief Executive Officer and President
Fiscal Year 2023 Base Salary (after Effective Date):	\$425,000
Effective Date:	November 10, 2022
Pre-Change of Control Severance Multiplier is:	1.5x
Post-Change of Control Severance Multiplier is:	2x

**AMENDED EXECUTIVE EMPLOYMENT
AND SEVERANCE AGREEMENT**

This Amended Executive Employment Agreement (“Agreement”) is between the executive named above (“Executive”) and Orion Energy Systems, Inc. (“Orion” or the “Company”) effective as of the effective date set forth above (“Effective Date”).

WHEREAS, Executive is currently serving as the Executive Vice President and Chief Operating Officer of Orion pursuant to his current Executive Employment and Severance Agreement effective as of November 11, 2021 (“Current Employment Agreement”).

WHEREAS, Orion desires to promote Executive to the position of Chief Executive Officer and President effective upon the Effective Date and, in connection therewith, to replace Executive’s Current Employment Agreement in its entirety with this Agreement.

WHEREAS, Orion desires to continue to employ Executive (by itself or through one of its affiliates, and “Orion” shall be deemed to include any such affiliate, if applicable, when used herein), and Executive desires to continue to be employed by Orion under the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the parties agree as follows:

1. **Effective Date; Term**. This Agreement shall become effective on the Effective Date (immediately upon the effective retirement of the Company’s current Chief Executive Officer, President and Board Chair) and continue until terminated as set forth in Section 4 hereof. Termination of this Agreement will not affect the rights or obligations of the parties hereunder arising out of, or relating to circumstances occurring prior to the termination of this Agreement, which rights and obligations will survive the termination of this Agreement.

2. **Definitions**. For purposes of this Agreement, the following terms shall have the meanings ascribed to them:

(a) “**Accrued Benefits**” shall mean, as of the Termination Date, the sum of: (i) Executive’s Base Salary earned but not paid for the time period ending with the Termination Date; (ii) any other earned but unpaid amounts as of the Termination Date, and (iii) any other payments or benefits to be provided to Executive by Orion pursuant to any employee benefit plans or arrangements adopted by Orion, to the extent such amounts are due from Orion.

(b) “**Base Salary**” shall mean the Executive’s annual base salary with Orion as in effect from time to time beginning, with the initial fiscal year (annualized) 2023 base salary set forth above beginning from and after the Effective Date.

(c) “**Board**” shall mean the board of directors of Orion or a committee of such Board authorized to act on its behalf in certain circumstances, including the Compensation Committee of the Board.

(d) “**Cause**” shall mean a good faith finding by Orion that Executive has (i) failed, neglected, or refused to perform his employment duties from time to time assigned to him (other than due to death or Disability); (ii) committed any willful, intentional, or grossly negligent act having the effect of injuring the interest, business, or reputation of Orion; (iii) violated or failed to comply in any material respect with Orion’s published rules, regulations, or policies, as in effect or amended from time to time; (iv) committed an act constituting a felony or misdemeanor involving moral turpitude, fraud, theft, or dishonesty; (v) misappropriated or embezzled any property of Orion (whether or not such act constitutes a felony or misdemeanor); or (vi) breached any material provision of this Agreement or any other applicable confidentiality, non-compete, non-solicit, general release, covenant not-to-sue, equity award agreement, or other agreement with Orion.

(e) “**Change of Control**” shall mean and be limited to the occurrence of any of the following:

(i) the acquisition by any “person” (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than (A) Orion or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under any employee benefit plan of Orion or any of its subsidiaries, or (C) an underwriter temporarily holding securities pursuant to an offering of such securities, of the beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) directly or indirectly, of securities of Orion by reason of having acquired such securities during the twelve month period ending on the date of the most recent acquisition representing 20% or more of the then outstanding shares of the common stock of Orion, or the combined voting power of Orion’s then outstanding securities entitled to vote generally in the election of directors (the “Company Voting Stock”); or

(ii) the majority of members of Orion’s Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of Orion’s Board before the date of the appointment or election; or

(iii) the consummation of a merger, consolidation, reorganization or share exchange of Orion with any other corporation or the issuance of Company Voting Stock in connection with a merger, consolidation, reorganization or share exchange of Orion which requires approval of the shareholders of Orion, other than (A) a merger, consolidation, reorganization or share exchange which would result in the Company Voting Stock outstanding immediately prior to such merger, consolidation, reorganization or share exchange continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least fifty percent (50%) of the Company Voting Stock or such surviving entity or any parent thereof outstanding immediately after such merger, consolidation, reorganization or share exchange, or (B) a merger, consolidation or share exchange effected to implement a recapitalization of Orion (or similar transaction) in which no “person” (defined above) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended), directly or indirectly, of securities of Orion (not including in the securities beneficially owned by such “person” (defined above) any securities acquired directly from Orion or its affiliates (within the meaning of Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended) pursuant to the express authorization by the Board that refers to this exception) representing twenty percent (20%) or more of either the then outstanding shares of common stock of Orion or the Company Voting Stock; or

(iv) the consummation of a plan of complete liquidation or dissolution of Orion or a sale or disposition by Orion of all or substantially all of Orion’s assets (in one transaction or a series of related transactions within any period of 24 consecutive months), in each case, which requires approval of the shareholders of Orion, other than a sale or disposition by Orion of all or substantially all of Orion’s assets to an entity at least seventy-five percent (75%) of the combined voting power of the outstanding voting securities of which are owned by “persons” (defined above) in substantially the same proportions as their ownership of Orion immediately prior to such sale.

Notwithstanding the foregoing, no “Change of Control” shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the common stock of Orion immediately prior to such transaction or series of transactions continue to own, directly or indirectly, in the same proportions as their ownership in Orion, an entity that owns all or substantially all of the assets or Company Voting Stock of Orion immediately following such transaction or series of transactions.

(f) “**COBRA**” shall mean the provisions of Code Section 4980B.

(g) “**Code**” shall mean the Internal Revenue Code of 1986, as amended, as interpreted by rules and regulations issued pursuant thereto, including any successor provisions thereto.

(h) “**Competing Product**” means any product or service which is sold or provided in competition with a product or service: (A) that Orion has sold or provided at any time during the twelve (12) months immediately preceding the Termination Date or (B) that was designed, developed, tested, distributed, marketed, provided or produced by Orion at any time during the twelve (12) months immediately preceding the Termination Date.

(i) “**Disability**” shall mean a total and permanent mental or physical disability precluding Executive from performing the material and substantial duties of his employment for 180 days during any twelve (12)-month period. For purposes of this Agreement, the Executive shall be deemed totally and permanently disabled at the end of such 180th day and which makes Executive eligible to receive benefits under Orion’s long-term disability plan.

(j) “**Good Reason**” shall mean the occurrence of any of the following without the consent of Executive: (i) a material diminution in the Executive’s Base Salary; (ii) a material change in Orion’s current headquarters located in Manitowoc, Wisconsin; (iii) a material diminution in the Executive’s duties, authority or responsibilities; or (iv) a material breach by Orion of any provisions of this Agreement or any equity award agreement with Orion to which the Executive is a party.

(k) “**Key Employee**” means any person who at the Termination Date is employed or engaged by Orion and with whom Executive has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date, and (i) is a manager, officer or director of Orion; (ii) is in possession of Confidential Information and/or Trade Secrets of Orion; and/or (iii) is directly managed by or reports to Executive as of, or at any time prior to, the Termination Date.

(l) “**Restricted Customer**” means a customer of Orion during the twelve (12)-month period immediately preceding the Termination Date.

(m) “**Restricted Territory**” means Territories (as the term “Territory” is defined below) in which Orion has sold or provided products or services during the twelve (12)-month period immediately preceding the Termination Date. Notwithstanding the foregoing, the term Restricted Territory is limited to Territories in which Orion has sold or provided in excess of one hundred thousand dollars (US \$100,000) in the aggregate worth of products or services in the twelve (12)-month period immediately preceding the Termination Date.

(n) “**Separation from Service**” shall have the meaning set forth in Code Section 409A and the related Treasury Regulations; *provided*, that for this purpose, a “separation from service” is deemed to occur on the date that Orion and Executive reasonably anticipate that the level of bona fide services Executive would perform after that date (whether as an employee or independent contractor) would permanently decrease to no more than 50% of the average level of bona fide services provided in the immediately preceding thirty-six (36) months.

(o) “**Services**” means sales, financial, supervisory, management, engineering, scientific or any other services of the type performed for Orion by Executive (or one or more Orion executives managed, supervised or directed by Executive) during the final twenty-four (24) months preceding the Termination Date, but shall not include clerical, menial or manual labor.

(p) “**Severance Payment**” shall mean the Executive’s Base Salary at the time of the Termination Date plus the average of the annual bonuses earned by the Executive with respect to each of the three completed fiscal years of Orion preceding the fiscal year in which the Termination Date occurs (or such lesser number of fiscal years for which the Executive was employed by Orion, with any partial year’s bonus being annualized with respect to such fiscal year) multiplied by the severance multiplier set forth above; *provided* that if Executive’s Termination Date occurs on or following a Change of Control, the multiplier described above shall be increased to the post-Change of Control severance multiplier set forth above and any reduction in Executive’s Base Salary since the date of the Change of Control shall be ignored.

(q) “**Strategic Customer**” means a customer of Orion that has purchased a product or service from the Orion during the twelve (12)-month period immediately preceding the Termination Date, but is limited to individuals or entities concerning which Executive learned, created, or reviewed Confidential Information or Trade Secrets on behalf of Orion during the twelve (12)-month period preceding the Termination Date.

(r) “**Termination Date**” shall mean the effective date of the termination of Executive’s Employment, as further described in Section 4.

(s) “**Territory**” means a state within the United States, the District of Columbia, a territory of the United States, and/or a foreign nation.

(t) “**Third Party Confidential Information**” means information received by Orion from others that Orion has an obligation to treat as confidential.

(u) “**Trade Secret**” means a Trade Secret as that term is defined under Wis. Stat. § 134.90, or its successor provision.

3. **Employment of Executive.**

(a) **Position.**

(i) Commencing immediately on and after the Effective Date, Executive shall serve in a full-time capacity in the positions set forth above and/or in any other position and/or with such other duties as determined from time to time or at any time by Orion.

(ii) Executive will devote Executive’s full business time and best efforts to the performance of Executive’s duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would conflict or interfere with the rendition of such services either directly or indirectly, without the prior written consent of Orion; *provided* that nothing herein shall preclude Executive, subject to the prior approval of Orion, from accepting appointment to or continuing to serve on any board of directors or trustees of any non-profit organization or any charitable organization or no more than one (1) for-profit entity; *further provided* in each case, and in the aggregate, that such activities do not materially conflict or interfere with the performance of Executive’s duties hereunder or conflict with Section 7.

(b) **Base Salary.** Orion shall pay Executive a Base Salary at the initial annual rate set forth above, payable in regular installments in accordance with Orion's usual payroll practices. Executive shall be entitled to such increases in Executive's Base Salary, if any, as may be determined from time to time by Orion.

(c) **Cash Bonus Incentives.** Executive shall be entitled to participate in such annual and/or long-term cash incentive compensation plans and programs of Orion as are generally provided to the senior executives of Orion, as determined by the Board in its discretion. Any cash bonuses payable to Executive will be paid at the time Orion normally pays such bonuses to its senior executives and will be subject to the terms and conditions of the applicable cash incentive compensation plans and programs, as determined by the Board in its discretion.

(d) **Equity Compensation.** Executive shall be eligible to receive equity compensation awards (which may consist of restricted stock or other types of equity awards), as determined by the Board in its discretion pursuant to Orion's equity compensation plans and programs in effect from time to time. These awards shall be granted in the discretion of the Board, and shall include such terms and conditions, including performance objectives, as the Board deems appropriate.

(e) **Employee Benefits.** Executive shall be entitled to participate in Orion's other employee benefit plans as in effect from time to time on the same basis as those benefits are generally made available to other senior executives of Orion.

(f) **Business Expenses.** Executive shall have a right to be reimbursed for Executive's reasonable and appropriate business expenses which Executive actually incurs in connection with the performance of Executive's duties and responsibilities under this Agreement in accordance with Orion's expense reimbursement policies and procedures for its senior executives, subject to Orion's reasonable requirements with respect to reporting and documentation of such expenses

(g) **Other Perquisites.** Executive shall be entitled to receive the other benefits and perquisites set forth in Exhibit A.

All payments and benefits under this Section 3 shall be subject to payroll tax and other withholdings in accordance with Orion's standard payroll practices and applicable law.

4. **Termination of Employment.** A Termination Date shall occur as follows:

(a) Executive's employment will terminate upon Executive's death.

(b) If Executive suffers a Disability, and if within thirty (30) days after Orion notifies the Executive in writing that it intends to terminate Executive's employment because of such Disability, then Executive shall not have returned to the performance of Executive's duties hereunder on a full-time basis, then Orion may terminate Executive's employment, effective immediately following the end of such thirty (30)-day period.

(c) Orion may terminate Executive's employment with or without Cause (other than as a result of Disability by providing written notice to Executive of such termination, *provided however*, if Orion terminates Executive's employment for Cause, then such written notice shall indicate in reasonable detail the facts and circumstances alleged to provide a basis for such termination for Cause. If the termination is without Cause, Executive's employment will terminate on the date specified in the written notice of termination. If the termination is for Cause, the Executive shall have thirty (30) days from the date the written notice is provided, or such longer period as Orion may determine to be appropriate, to cure any conduct or act, if curable (as determined by Orion), alleged to provide grounds for termination of Executive's employment for Cause. If the alleged conduct or act constituting Cause is not curable (as determined by Orion), Executive's employment will terminate on the date specified in the written notice of termination. If the alleged conduct or act constituting Cause is curable (as determined by Orion), but Executive does not cure such conduct or act within the specified time period, Executive's employment will terminate on the date immediately following the end of the cure period. Notwithstanding the foregoing, a determination of Cause shall only be made in good faith by Orion, and after a Change of Control, Orion's successor, which may terminate Executive for Cause only after providing Executive (i) written notice as set forth above, (ii) the opportunity to appear before the Board and provide rebuttal to such proposed termination, and (iii) written notice following such appearance confirming such termination. Unless otherwise directed by Orion, from and after the date of the written notice of proposed termination, Executive shall be relieved of his duties and responsibilities and shall be considered to be on a paid leave of absence pending any final action by Orion or the successor confirming such proposed termination.

(d) Executive may terminate his employment with or without Good Reason by providing written notice of termination to Orion that indicates in reasonable detail the facts and circumstances alleged to provide a basis for such termination. If Executive is alleging a termination for Good Reason, Executive must provide written notice to Orion of the existence of the condition constituting Good Reason within ninety (90) days of the initial existence of such condition, and Orion must have a period of at least thirty (30) days following receipt of such notice to cure such condition. If such condition is not cured by Orion within such thirty (30)-day period, Executive's termination of employment from Orion shall be effective on the date immediately following the end of such cure period.

5. Payments upon Termination

(a) **Entitlement to Severance.** Subject to the other terms and conditions of this Agreement, Executive shall be entitled to the Accrued Benefits, and to the Severance Payment described in subsection (c), in either of the following circumstances while this Agreement is in effect:

- (i) Executive's employment is terminated by Orion without Cause, except in the case of death or Disability; or
- (ii) Executive terminates his employment with Orion for Good Reason.

If Executive dies after receiving a notice by Orion that Executive is being terminated without Cause, or after providing notice of termination for Good Reason, the Executive's estate, heirs and beneficiaries shall be entitled to the Accrued Benefits and the Severance Payment described in subsection (c) at the same time such amounts would have been paid or benefits provided to Executive had he lived.

(b) **General Release Requirement.** Executive will not be eligible to receive any payments or benefits under Section 5(c) until (i) Executive executes a general release of all claims arising out of his employment with, and termination of employment from, Orion in the form proscribed by and acceptable to Orion ("General Release"); and (ii) the revocation period specified in such General Release expires without such Executive exercising his right of revocation as set forth in the General Release.

(c) **Severance Payment; Timing and Form of Severance Payment.** Subject to Section 5(b) and the limitations imposed by Section 6, in lieu of any severance pay or benefits under any Orion severance pay plans, programs or policies, if Executive is entitled to severance benefits, then:

(i) Orion shall pay Executive the Severance Payment (plus an amount equal to the Executive's annual target cash bonus opportunity as established by the Board for the fiscal year in which Separation from Service occurs, multiplied by a fraction, the numerator of which is the number of days that have elapsed in the fiscal year to the date of Separation from Service and the denominator is 365) on a ratable basis each month over the eighteen (18)-month period following the Termination Date, or if later, the date on which the General Release is no longer revocable, or if later, the date on which the amount payable under Section 6 is determined;

(ii) Executive shall be entitled to receive premiums from Orion for COBRA continuation coverage for the length of such coverage at the same rate as is being charged to active employees for similar coverage; and

(iii) The vesting of Executive's then unvested equity awards from the Company at the date of the Executive's Separation from Service shall be automatically accelerated and such unvested equity awards shall be deemed to be fully vested as of the date of Executive's Separation from Service, but only to the extent such equity awards would have otherwise vested within the twenty-four (24)-month period from the date of Executive's Separation of Service if the Executive had continued in the employment of the Company through said vesting date(s).

All Severance Payments and other payments and benefits under this Section 5 shall be subject to payroll taxes and other withholdings in accordance with Orion's standard payroll practices and applicable law.

(d) **Other Termination of Employment.** If Executive's employment terminates for any reason other than those described in subsection (a), Executive (or Executive's estate in the event of his death), shall be entitled to receive only the Accrued Benefits. Executive must be terminated for Cause pursuant to and in accordance with Section 4(c) of this Agreement in order for the consequences of such a Cause termination to apply to Executive under any equity award agreement with Orion to which Executive is then a party. Orion's obligations under this Section 5 shall survive the termination of this Agreement.

6. Limitations on Severance Payments and Benefits. Notwithstanding any other provision of this Agreement, if any portion of the Severance Payment or any other payment under this Agreement, or under any other agreement with or plan of Orion (in the aggregate "Total Payments"), would constitute an "excess parachute payment," then the Total Payments to be made to Executive shall be reduced such that the value of the aggregate Total Payments that Executive is entitled to receive shall be One Dollar (\$1) less than the maximum amount which Executive may receive without becoming subject to the tax imposed by Code Section 4999 or which Orion may pay without loss of deduction under Code Section 280G(a); *provided* that the foregoing reduction in the amount of Total Payments shall not apply if the After-Tax Value to Executive of the Total Payments prior to reduction in accordance herewith is greater than the After-Tax Value to Executive of the Total Payments are reduced in accordance herewith. For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to them in Code Section 280G, and such "parachute payments" shall be valued as provided therein.

Within twenty (20) business days following delivery of the notice of termination or notice by Orion to Executive of its belief that there is a payment or benefit due Executive that will result in an excess parachute payment as defined in Code Section 280G, Executive and Orion, at Orion's expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel selected by Orion's independent auditors and acceptable to Executive in Executive's sole discretion, which opinion sets forth: (A) the amount of the Executive's "annualized includible compensation for the base period" as defined in Code Section 280G(d)(1), (B) the amount and present value of Total Payments, (C) the amount and present value of any excess parachute payments without regard to the limitations of this Section 6, (D) the After-Tax Value of the Total Payments if the reduction in Total Payments contemplated under this Section 6 did not apply, and (E) the After-Tax Value of the Total Payments taking into account the reduction in Total Payments contemplated under this Section 6. For purposes of determining the "After-Tax Value" of Total Payments, (I) Executive shall be deemed to pay federal income taxes and employment taxes at the highest marginal rate of federal income and employment taxation in the calendar year in which the Severance Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of Executive's domicile for income tax purposes on the date the Severance Payment is to be made, net of the maximum reduction in federal income taxes that may be obtained from deduction of such state and local taxes, and (II) a reasonable compensation analysis and valuation will be performed, to the extent it would increase the Executive's After-Tax Value of Total Payments, of the value of the Executive's restrictive covenants under Section 8 hereof (and any other restrictive covenants applicable to the Executive). Such opinion shall be dated as of the Termination Date and addressed to Orion and Executive and shall be binding upon Orion and Executive and upon which Orion and Executive may fully rely. If such opinion determines that there would be an excess parachute payment and that the After-Tax Value of the Total Payments taking into account the reduction contemplated under this Section is greater than the After-Tax Value of the Total Payments if the reduction in Total Payments contemplated under this Section did not apply, then the Severance Payment hereunder or any other payment determined by such

counsel to be includible in Total Payments shall be reduced or eliminated as specified by Executive in writing delivered to Orion within five (5) business days of Executive's receipt of such opinion or, if Executive fails to so notify Orion, then as Orion shall reasonably determine, so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. If such legal counsel so requests in connection with the opinion required by this Section, Executive and Orion shall obtain, at Orion's expense, and the legal counsel may rely on in providing the opinion, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by Executive. Notwithstanding the foregoing, the provisions of this Section 6, including the calculations, notices and opinions provided for herein, shall be based upon the conclusive presumption that the following are reasonable: (1) the compensation and benefits provided for in Section 3 and (2) any other compensation, including but not limited to the Accrued Benefits earned prior to the date of Executive's Separation from Service by the Executive pursuant to the Company's compensation programs if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change of Control or the Executive's Separation from Service.

7. Covenants by Executive.

(a) **Nondisclosure of Third Party Confidential Information.** During Executive's employment with Orion and after the Termination Date, Executive shall not use or disclose Third Party Confidential Information for as long as the relevant third party has required Orion to maintain its confidentiality, or for so long as required by applicable law, whichever period is longer. This prohibition does not prohibit Executive's use of general skills and know-how acquired during and prior to employment by Orion, as long as such use does not involve the use or disclosure of Third Party Confidential Information. This prohibition also does not prohibit the description by Executive of Executive's employment history and duties, for work search or other purposes, as long as such use does not involve the use or disclosure of Third Party Confidential Information.

(b) **Nondisclosure of Trade Secrets.** During Executive's employment with Orion and after the Termination Date, Executive shall not use or disclose Orion's Trade Secrets so long as they remain Trade Secrets. Nothing in this Agreement shall limit either Executive's statutory and other duties not to use or disclose Orion's Trade Secrets, or Orion's remedies in the event Executive uses or discloses Orion's Trade Secrets.

(c) **Obligations Not to Disclose or Use Confidential Information.** Except as set forth herein or as expressly authorized in writing on behalf of Orion, Executive agrees that while Executive is employed by Orion and during the two (2)-year period commencing at the Termination Date, Executive will not use or disclose (except in discharging Executive's job duties with Orion) any Confidential Information, whether such Confidential Information is in Executive's memory or it is set forth electronically, in writing or other form. This prohibition does not prohibit Executive's disclosure of information after it ceases to meet the definition of "Confidential Information," or Executive's use of general skills and know-how acquired during and prior to employment by Orion, so long as such use does not involve the use or disclosure of Confidential Information; nor does this prohibition restrict Executive from providing prospective employers with an employment history or description of Executive's duties with Orion, so long as Executive does not use or disclose Confidential Information. Notwithstanding the foregoing, if Executive learns information in the course of employment with Orion which is subject to a law governing confidentiality or non-disclosure, Executive shall keep such information confidential for so long as required by law, or for two (2) years after the Termination Date, whichever period is longer.

(d) **Return of Property; No Copying or Transfer of Documents.** All equipment, books, records, papers, notes, catalogs, compilations of information, data bases, correspondence, recordings, stored data (including data or files that exist on any personal computer or other electronic storage device), software, and any physical items, including copies and duplicates, that Executive generates or develops or which come into Executive's possession or control, which relate directly or indirectly to, or are a part of Orion's (or its customers') business matters, whether of a public nature or not, shall be and remain the property of Orion, and Executive shall deliver all such materials and items, and any and all copies of them, to Orion on the Termination Date. During employment or after the Termination Date, Executive will not copy, duplicate, or otherwise reproduce, or permit copying, duplicating, or reproduction of Orion documents or writings, whether stored on paper, magnetic tape, CD, electronically, or otherwise, including but not limited to notes, notebooks, letters, blueprints, manuals, drawings, sketches, specifications, formulas, financial documents, business plans, and the like, or any other documentation owned or originated by Orion and relating to Orion's business which, from time to time, may have come into Executive's possession, custody, or control as a result of or in the course of Executive's employment with Orion, without the express written consent of Orion, or, as a part of Executive's duties performed hereunder for the benefit of Orion. Executive expressly covenants and warrants, upon the Termination Date for any reason (or no reason), that Executive shall promptly deliver to Orion any and all originals and copies in Executive's possession, custody, or control of any and all said property, documents or writings, and that Executive shall not make, retain, or transfer to any third party any copies thereof. In the event any Confidential Information or Trade Secrets are stored or otherwise kept in or on a computer hard drive or other storage device owned by or otherwise in the possession or control of Executive (collectively, "Executive Storage Device"), upon the Termination Date, Executive will present to Orion for inspection and removal of all information regarding Orion (including but not limited to Confidential Information or Trade Secrets) stored on any Executive Storage Device.

(e) **Duty of Loyalty.** During Executive's employment with Orion, Executive shall owe Orion an undivided duty of loyalty, and shall take no action adverse to that duty of loyalty. Executive's duty of loyalty to Orion includes but is not limited to a duty to promptly disclose to Orion any information that might cause Orion to take or refrain from taking any action, or which otherwise might cause Orion to alter its behavior. Without limiting the generality of the foregoing, Executive shall promptly notify Orion at any time that Executive decides to terminate employment with Orion or enter into competition with Orion, as Orion may decide at such time to limit, suspend, or terminate Executive's employment or access to Orion's Confidential Information, Trade Secrets, or customer relationships.

(f) **Limited Restriction on Sales to a Restricted Customer.** For twenty-four (24) months following the Termination Date, for whatever reason, Executive shall not sell or solicit the sale of a Competing Product to a Restricted Customer and Executive shall not perform Services as part of or in support of providing, selling or soliciting the sale of a Competing Product to a Restricted Customer.

(g) **Limited Restriction on Sales to a Strategic Customer.** For twenty-four (24) months following the Termination Date, for whatever reason, Executive shall not sell or solicit the sale of a Competing Product to a Strategic Customer and Executive shall not perform Services as part of or in support of providing, selling or soliciting the sale of a Competing Product to a Strategic Customer.

(h) **Limited Restriction on Sales in the Restricted Territory** For twenty-four (24) months following the Termination Date, for whatever reason, Executive shall not perform Services as part of or in support of the business of selling, soliciting the sale of or providing Competing Products in the Restricted Territory.

(i) **Limited Restriction on Design, Development, Production and Testing Activities in the Restricted Territory.** For twenty-four (24) months following the Termination Date, for whatever reason, Executive shall not perform Services as part of or in support of the business of designing, testing, developing or producing Competing Products for sale in the Restricted Territory.

(j) **Non-solicitation of Key Employees.** For twenty-four (24) months following the Termination Date, for whatever reason, Executive shall not, without the prior written consent of Orion, solicit a Key Employee to engage in competition with Orion, unless such Key Employee has already ceased employment with Orion. This shall not bar any Key Employee from applying for or accepting employment with any person or entity.

(k) Disclosure and Assignment to Orion of Inventions and Innovations.

(i) Executive agrees to disclose and assign to Orion as Orion's exclusive property, all inventions and technical or business innovations, including but not limited to all patentable and copyrightable subject matter (collectively, the "Innovations") developed, authored or conceived by Executive solely or jointly with others during the period of Executive's employment, including during Executive's employment prior to the date of this Agreement, (1) that are along the lines of the business, work or investigations of Orion to which Executive's employment relates or as to which Executive may receive information due to Executive's employment with Orion, or (2) that result from or are suggested by any work which Executive may do for Orion or (3) that are otherwise made through the use of Orion time, facilities or materials. To the extent any of the Innovations is copyrightable, each such Innovation shall be considered a "work for hire."

(ii) Executive agrees to execute all necessary papers and otherwise provide proper assistance (at Orion's expense), during and subsequent to Executive's employment, to enable Orion to obtain for itself or its nominees, all right, title, and interest in and to patents, copyrights, trademarks or other legal protection for such Innovations in any and all countries.

(iii) Executive agrees to make and maintain for Orion adequate and current written records of all such Innovations;

(iv) Upon the Termination Date, Executive agrees to deliver to Orion promptly all items which belong to Orion or which by their nature are for the use of Orion employees only, including, without limitation, all written and other materials which are of a secret or confidential nature relating to the business of Orion.

(v) In the event Orion is unable for any reason whatsoever to secure Executive's signature to any lawful and necessary documents required, including those necessary for the assignment of, application for, or prosecution of any United States or foreign application for letters patent or copyright for any Innovation, Executive hereby irrevocably designates and appoints Orion and its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and in Executive's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the assignment, prosecution, and issuance of letters patent or registration of copyright thereon with the same legal force and effect as if executed by Executive. Executive hereby waives and quitclaims to Orion any and all claims, of any nature whatsoever, which Executive may now have or may hereafter have for infringement of any patent or copyright resulting from any such application.

(l) Remedies Not Exclusive. In the event that Executive breaches any terms of this Section 7, Executive acknowledges and agrees that said breach may result in the immediate and irreparable harm to the business and goodwill of Orion and that damages, if any, and remedies of law for such breach may be inadequate and indeterminable. Orion, upon Executive's breach of this Section 7, shall therefore be entitled (in addition to and without limiting any other remedies that Orion may seek under this Agreement or otherwise at law or in equity) to (1) seek from any court of competent jurisdiction equitable relief by way of temporary or permanent injunction and without being required to post a bond, to restrain any violation of this Section 7, and for such further relief as the court may deem just or proper in law or equity, and (2) in the event that Orion shall prevail, its reasonable attorney's fees and costs and other expenses in enforcing its rights under this Section 7.

(m) Severability of Provisions. If any restriction, limitation, or provision of this Section 7 is deemed to be unreasonable, onerous, or unduly restrictive by a court of competent jurisdiction, it shall not be stricken in its entirety and held totally void and unenforceable, but shall remain effective to the maximum extent possible within the bounds of the law. If any phrase, clause or provision of this Section 7 is declared invalid or unenforceable by a court of competent jurisdiction, such phrase, clause, or provision shall be deemed severed from this Section 7, but will not affect any other provision of this Section 7, which shall otherwise remain in full force and effect. The provisions of this Section 7 are each declared to be separate and distinct covenants by Executive.

(n) **Limits on Confidentiality Requirements.**

(i) Nothing in this Agreement is intended to discourage or restrict the Executive from communicating with, or making a report with, any governmental authority regarding a good faith belief of any violations of law or regulations based on information that the Executive acquired through lawful means in the course of the Executive's employment, including such disclosures protected or required by any whistleblower law or regulation of the Securities and Exchange Commission, the Department of Labor, or any other appropriate governmental authority.

(ii) Nothing in this Agreement is intended to discourage or restrict the Executive from reporting any theft of Trade Secrets pursuant to the Defend Trade Secrets Act of 2016 (the "DTSA") or other applicable state or federal law. The DTSA prohibits retaliation against an employee because of whistleblower activity in connection with the disclosure of Trade Secrets, so long as any such disclosure is made either (i) in confidence to an attorney or a federal, state, or local government official and solely to report or investigate a suspected violation of the law, or (ii) under seal in a complaint or other document filed in a lawsuit or other proceeding.

(iii) If the Executive believes that any employee or any third party has misappropriated or improperly used or disclosed Trade Secrets or Confidential Information, the Executive should report such activity through the Company's Whistle Blower Policy (as provided in the Employee Handbook and/or any other then applicable policies and procedures of the Company) or Compliance Hotline. This Agreement is in addition to and not in lieu of any obligations to protect the Company's Trade Secrets and Confidential Information pursuant to the Employee Handbook and/or any other then applicable policies and procedures of the Company and Code of Business Conduct and Ethics for Directors and Employees. Nothing in this Agreement shall limit, curtail or diminish the Company's statutory rights under the DTSA, any applicable state law regarding trade secrets or common law.

8. **Notice.** Any notice, request, demand or other communication required or permitted herein will be deemed to be properly given when personally served in writing or when deposited in the United States mail, postage prepaid, addressed to Executive at the address on file at the Company and to Orion with attention to the Chief Executive Officer of Orion. Either party may change its address by written notice in accordance with this paragraph.

9. **Set Off; Mitigation.** Orion's obligation to pay Executive any amounts and to provide any of the benefits hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Executive to Orion provided, that notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes "nonqualified deferred compensation" for purposes of Code Section 409A be subject to the offset by any other amount unless otherwise permitted by Code Section 409A. However, Executive shall not be required to mitigate the amount of any payment pursuant to this Agreement by seeking other employment or otherwise. For the avoidance of doubt, payments with respect to Executive's employment with anyone other than Orion shall not reduce the amount of any payment to Executive pursuant to this Agreement.

10. **Benefit of Agreement.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective executors, administrators, successors and assigns. Orion will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Orion to assume expressly and agree to perform this Agreement in the same manner and to the same extent that Orion would be required to perform it if no such succession had taken place. As used in this Agreement, "Orion" shall mean Orion as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. **Arbitration.** Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement that cannot be mutually resolved by the Executive and Orion, including any dispute as to the calculation of the Executive's Accrued Benefits, Base Salary, bonus amount or any Severance Payment hereunder, shall be submitted to arbitration in Milwaukee, Wisconsin, in accordance with the procedures of the American Arbitration Association. The determination of the arbitrator shall be conclusive and binding on Orion and the Executive, and judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding the foregoing, both Executive and Orion may seek to obtain injunctive relief in a Wisconsin court of competent jurisdiction pending arbitration.

12. **Applicable Law and Jurisdiction.** This Agreement is to be governed by and construed under the laws of the United States and of the State of Wisconsin without resort to Wisconsin's choice of law rules. Each party hereby agrees that the forum and venue for any legal or equitable action or proceeding arising out of, or in connection with, this Agreement will lie in the appropriate federal or state courts in the State of Wisconsin and specifically waives any and all objections to such jurisdiction and venue.

13. **Section 409A Compliance(a)** . This Agreement is intended to comply with, or otherwise be exempt from, Section 409A of the Code ("Section 409A"). Orion shall undertake to administer, interpret, and construe this Agreement in a manner that does not result in the imposition to the Executive of additional taxes or interest under Section 409A of the Code. If a payment obligation under this Agreement arises on account of the Executive's Separation from Service while the Executive is a "specified employee" (as defined under Section 409A of the Code and determined in good faith by the Board), any payment of "deferred compensation" (as defined under Treasury Regulation Section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation Sections 1.409A-1(b)(3) through (b)(12)) that is scheduled to be paid within six (6) months after such Separation from Service shall accrue without interest and shall be paid within fifteen (15) days after the end of the six-month period beginning on the date of such separation from service or, if earlier, within fifteen (15) days after the appointment of the personal representative or executor of the Executive's estate following his death.

14. **Captions and Paragraph Headings.** Captions and paragraph headings used herein are for convenience only and are not a part of this Agreement and will not be used in construing it.

15. **Invalid Provisions**. Subject to Section 7(e), should any provision of this Agreement for any reason be declared invalid, void, or unenforceable by a court of competent jurisdiction, the validity and binding effect of any remaining portion will not be affected, and the remaining portions of this Agreement will remain in full force and effect as if this Agreement had been executed with said provision eliminated.

16. **No Waiver**. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

17. **Entire Agreement**. This Agreement contains the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Executive by Orion, including specifically the Current Employment Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement will be valid or binding.

18. **Modification**. This Agreement may not be modified or amended by oral agreement, but only by an agreement in writing signed by Orion and Executive.

19. **Counterparts**. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

WHEREAS, this Agreement is effective as of the Effective Date set forth above.

EXECUTIVE

/s/ Michael H. Jenkins

Michael H. Jenkins

ORION ENERGY SYSTEMS, INC.

By: /s/ Michael W. Altschaefl

Michael W. Altschaefl
Board Chair and Chief Executive Officer

EXHIBIT A

Benefits and Perquisites*

* Note: The listed benefits and perquisites are in addition to those generally made available to all other senior executives of Orion under Orion's employee benefit plans (other than annual and long-term incentive plans, which are addressed in Section 3 of the Agreement) as in effect from time to time. Executive is entitled to participate in such benefit plans on the same basis as those benefits are generally made available to other senior executives of Orion. Currently, such company-wide benefits include: (i) 401(k) Plan; (ii) group short term disability insurance; and (iii) group health and prescription drug insurance.

<u>Benefit</u>	<u>Amount</u>
1. Term Life Insurance	\$1,000,000 (face value)
2. Health/Prescription Drug Reimbursement	Reimbursed by Company Per Current Practice
3. Group Long Term Disability Insurance	Reimbursed by Company Per Current Practice
4. Automobile Allowance	\$1,000 per month, plus mileage from your home to the Company's Manitowoc headquarters will be a reimbursable business expense at the then current IRS standard mileage reimbursement rate.
5. Tax Preparation Fee	Reimbursed by Company Per Current Practice
6. Annual Executive Physical Reimbursement	Reimbursed by Company

**ALAN HOWE
CONSULTING AGREEMENT**

THIS CONSULTING AGREEMENT (“Agreement”) is made and effective as of August 4, 2022 (“Effective Date”), by and between Orion Energy Systems, Inc. (“Company”) and Alan Howe (“Consultant”).

W I T N E S S E T H:

A. WHEREAS, Consultant has been a valuable member of Company’s Board of Directors (“Board”) up to the Effective Date, including acting as the Chair of the Board’s Strategic Planning Committee focused on increasing Company’s revenue by pursuing strategic acquisitions and other external growth opportunities.

B. WHEREAS, Consultant has advised Company that he does not desire to stand for re-election to the Board at Company’s 2022 annual meeting of shareholders due to his commitments to various other boards of directors.

C. WHEREAS, after Consultant’s departure from the Board, Company desires to have access to Consultant’s valuable advice and direction to assist in the further development and growth of Company on the terms herein provided, and Consultant is desirous of providing services to Company as a consultant on the terms herein provided.

NOW, THEREFORE, in consideration of the covenants and agreements of the parties herein contained, the parties hereto agree as follows:

1. **Consultant Role**. During the Term (as defined below), Consultant hereby agrees to perform, and to hold himself available to provide, upon reasonable request, such reasonable part-time services from time to time or at any time as reasonably requested by Company, Company’s management and/or Board. Consultant shall not be required to spend any specific periods of time at the offices or premises of Company or elsewhere, but shall be available to consult with the management and Board at mutually convenient times and places upon reasonable advance notice to Consultant. Any requested services, when practicable, may be provided by telephone, electronically, video conference, written correspondence, e-mail or other means of off-site communication as mutually determined appropriate by Company and Consultant.

2. **Compensation**. During the Term, as compensation for Consultant’s performance of services hereunder, including holding himself available therefor, Company shall pay Consultant a retainer of \$25,000 per year; payable in equal quarterly installments of \$6,250. Company shall also pay or reimburse Consultant for all reasonable business, travel, lodging and other expenses incurred by him in the performance of his services hereunder. All of Consultant’s unvested equity awards received while Consultant served on the Board shall continue vesting after the Effective Date (including after the Term) according to their terms as if Consultant remained on the Board on each vesting date.

3. **Term and Termination**. The term of this Agreement shall commence on the Effective Date and shall terminate on August 3, 2024 (“Term”); provided, however, that Consultant’s engagement hereunder and the Term shall terminate upon Consultant’s earlier death or disability. Except as otherwise provided in Section 2, Consultant will not be entitled to any severance payments or other severance or termination-related benefits upon conclusion of the Term.

4. Confidential Information. During the Term and thereafter, Consultant will not disclose any Proprietary Information (as defined below) or use any Proprietary Information in any manner adverse to the best interests of Company. All information, data, documents, agreements, files, and other materials that have been or will be furnished directly or indirectly by Company or any of its representatives to Consultant (whether in his prior capacity as a member of the Board or in his capacity as a consultant hereunder), including, without limitation, trade secrets, software programs, intellectual property, data files, source code, computer chips, system designs and product designs, whether or not marked as confidential, whether furnished prior to, on or after the Effective Date, whether oral, written or electronic, and regardless of the manner in which it was or is furnished, together with any notes, reports, summaries, analyses, compilations, forecasts, studies, interpretations, memoranda or other materials prepared by Company or any of its representatives that contain, reference, reflect or are based upon, in whole or in part, any information, documents, agreements, files, and other materials so furnished to Consultant is referred to herein as "Proprietary Information". Proprietary Information does not include, however, information that (i) was, is or becomes available to Consultant on a non-confidential basis from a source other than Company or any of its representatives; *provided* that such other source is not known by Consultant, after reasonable inquiry, to be bound by a confidentiality obligation to Company; (ii) was, is or becomes generally available to or known by the public (other than as a result of a breach by Consultant of this Agreement); (iii) was previously in the possession of Consultant; *provided* that such information is not known by Consultant, after reasonable inquiry, to be subject to another confidentiality agreement or other obligation of secrecy to Company; or (iv) was independently developed by Consultant without use of the Proprietary Information and without violating any of his obligations under this Agreement or previously as a member of the Board. To the extent that any Proprietary Information may include materials subject to the attorney client privilege, work product doctrine or any other applicable privilege concerning pending or threatened legal proceedings or governmental investigations, Consultant agrees that the parties have a commonality of interest with respect to such matters, and it is the mutual desire, intention and understanding of the parties that the sharing of such materials was or is not intended to, and shall not, waive or diminish in any way the confidentiality of such materials or their continued protection under the attorney client privilege, work product doctrine or other applicable privilege. Accordingly, and in furtherance of the foregoing, the parties agree not to claim or contend that either party hereto has waived any attorney client privilege, work product doctrine or any other similar and applicable privilege by providing information pursuant to this Agreement.

5. Return of All Company Documents and Property. Excluding Consultant's personal files and property, promptly after the Effective Date, Consultant will return to Company all documents and property (including, without limitation, all records, memoranda, notes, correspondence, client information, reports, manuals, plans, computer discs, tapes and files, printouts, software, presentations and the like, including all copies thereof, computers, telephones, PDAs, equipment, and the like) in his possession or under his control pertaining to Company's business or Proprietary Information. Consultant will not copy or cause to be copied any of Company's records nor cause a removal of any record, document or property belonging to Company without authorization from Company.

6. Mutual Non-Disparagement Agreement. From and after the Effective Date, neither Consultant nor Company will disparage the other party or any of his or its clients, directors, officers, employees, shareholders or business operations.

7. Independent Contractor Status. During the Term, Consultant will be an independent contractor for Company, will not be an employee of Company and will have sole responsibility for the payment of all state and federal income taxes upon any payments made by Company to Consultant. No withholding of any state or federal taxes or other amounts shall be made by Company hereunder. Consultant shall report such income as earnings from self-employment on his state and federal tax returns.

8. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by all parties hereto. This Agreement may be executed in one or more counterparts, including by signatures delivered electronically, each of which shall be deemed to be an original but all of such together will constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

ORION ENERGY SYSTEMS, INC.

By: /s/ Michael W. Altschaefl

Name: Michael W. Altschaefl

Title: Chief Executive Officer and Board Chair

CONSULTANT

/s/ Alan Howe

Alan Howe

[Consulting Agreement Signature Page]



**Orion Energy Systems Announces CEO Transition Plan -
Mike Altschaeffl to Retire as CEO on November 10, 2022;
EVP and COO Mike Jenkins Named as New CEO**

Manitowoc, WI — August 3, 2022—Orion Energy Systems, Inc. (Nasdaq: OESX) ([Orion Lighting](#)), a provider of energy-efficient LED lighting and control systems, including turnkey project implementation, program management and system maintenance, today announced that Michael H. Jenkins, the Company's Executive Vice President and Chief Operating Officer, will assume the role of Chief Executive Officer following the retirement of Mike Altschaeffl, Orion's Board Chair and CEO, effective November 10, 2022. Mr. Jenkins will also join Orion's Board, effective November 10th, to serve an initial term through the Company's 2023 annual meeting.

Mike Jenkins is an accomplished executive leader with a strong track record of business and financial achievement built over more than 25 years. He joined Orion last year as part of a long-term strategic leadership and planning process and was selected to serve as CEO based on his significant leadership, operational, and sales and marketing skills and contributions.

Mr. Altschaeffl will continue to serve on Orion's Board of Directors following his retirement through the Company's 2023 annual meeting of shareholders and, thereafter, may provide consulting services to the Company until December 31, 2023.

Orion's lead independent director, Anthony L. Otten, will assume the role of Orion's independent Board Chair immediately following the Company's 2022 annual shareholders meeting, tomorrow August 4th. Mr. Otten has served on Orion's Board since August 2015 and as lead independent director since June 2017. His experience as a public company CEO and business leader, combined with his capital markets experience, merger and acquisition experience, and contributions to Orion's Board make him well qualified to serve as Board Chair.

Mr. Otten, Orion's new Board Chair, commented, "We have been working hard to build Orion's management team and strategic vision to support the Company's long-term growth and profitability. Orion has a very exciting future, offering substantial growth potential that is rooted in our 'customer for life' vision to provide a growing base of related products and services with exceptional quality and service. Mike Jenkins has demonstrated passion and impressive management, strategy and sales skills that should allow him to lead the advancement of our business, including our environmental, social and governance goals.

"We are very grateful to Mike Altschaeffl and his leadership as CEO and Board Chair. Mike led the repositioning of Orion's core focus and value proposition on a range of exciting opportunities. He returned the business to profitability, restored our balance sheet strength, helped build out our talented management team, and expanded our customer base and capabilities. Mike has a deep commitment to Orion stakeholders which is reflected in his decision to remain on the Company's Board in retirement. We look forward to his continued guidance going forward."

Prior to joining Orion as its Chief Operating Officer and Executive Vice President in November 2021, Mr. Jenkins served for eight years as the Construction and Consumer Business Director, General Manager – Americas of Bostik, Inc., an industrial adhesive and sealing products provider with over \$2.4B in annual sales. Mr. Jenkins was directly responsible for the full profit and loss statement (P&L) of a several hundred-million-dollar business with six manufacturing plants and over 400 associates across North America.

During his tenure, revenue nearly tripled, as he worked to transform the business into a systems provider. He identified strategic acquisitions, performed due diligence, negotiated and closed several acquisitions, integrated the businesses without disruption and created numerous cross-selling opportunities to accelerate growth. He also instilled a performance-driven culture based on a common vision and helped build Bostik brand recognition through innovative and disruptive marketing campaigns focused on key specifiers (Architects, Engineers and Designers). Previously, Mr. Jenkins served in various sales and marketing leadership roles with Kohler Company, Master Lock and Illinois Tool Works.

About Orion Energy Systems (www.orionlighting.com)

Orion provides innovative LED lighting systems and turnkey project implementation including installation and commissioning of fixtures, controls and IoT systems, as well as ongoing system maintenance and program management. We help our customers achieve energy savings with healthy, safe and sustainable solutions, enabling them to reduce their carbon footprint and digitize their business.

Orion is committed to operating responsibly throughout all areas of our organization. Learn more about our ESG priorities, goals and progress here or visit our website.

Safe Harbor Statement

Certain matters discussed in this press release, are “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements may generally be identified as such because the context of such statements will include words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or words of similar import. Similarly, statements that describe our future plans, objectives or goals, including business relationships with government customers, are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause results to differ materially from those expected including, but not limited to, the risks described in our filings with the Securities and Exchange Commission.

Shareholders, potential investors and other readers are urged to consider risks and uncertainties carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this press release and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, which are available at <http://www.sec.gov> or at <http://investor.orionenergy.com/> in the Investor Relations section of our Website. 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.

Twitter: [@OrionLighting](https://twitter.com/OrionLighting) and [@OrionLightingIR](https://twitter.com/OrionLightingIR)

StockTwits: [@Orion_LED_IR](https://stocktwits.com/Orion_LED_IR)

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**Orion Energy Systems Reports Q1 Revenue of \$17.9M,
Reflecting Customer Delays on Large LED Lighting Projects**

Manitowoc, WI – August 3, 2022 – Orion Energy Systems, Inc. (NASDAQ: OESX) ([Orion Lighting](#)), a provider of energy-efficient LED lighting and control systems and electrical maintenance services, today reported results for its fiscal 2023 first quarter ended June 30, 2022 (Q1'23). Orion also announced separately today its CEO Transition Plan. Orion will hold an investor call and webcast to review these announcements today at 10:00 a.m. ET – online pre-registration is required to receive the call-in number, details below.

\$ in millions except per share figures	Q1 Financial Summary			Prior Three Quarters		
	Q1'23	Q1'22	Change	Q4'22	Q3'22	Q2'22 (1)
Revenue	\$ 17.9	\$35.1	(\$ 17.2)	\$ 22.1	\$30.7	\$ 36.5
Gross Profit	\$ 3.6	\$10.2	(\$ 6.7)	\$ 5.3	\$ 7.6	\$ 10.8
Gross Profit %	19.8%	29.1%	(930bps)	23.8%	24.9%	29.5%
Net Income (Loss)	(\$ 2.8)	\$ 2.5	(\$ 5.3)	(\$ 1.2)	\$ 1.1	\$ 3.7
EPS	(\$0.09)	\$0.08	(\$ 0.17)	(\$0.04)	\$0.04	\$ 0.12
Adjusted EBITDA (2)	(\$ 2.9)	\$ 4.0	(\$ 6.9)	(\$ 0.4)	\$ 2.1	\$ 4.0
Cash & Equivalents	\$ 9.4	\$15.9	(\$ 6.5)	\$ 14.5	\$17.3	\$ 14.7

- (1) Results include a \$1.6M employee retention payroll tax credit, under the American Rescue Plan Act of 2021. The credit increased gross profit in the period by \$0.8M and reduced operating expense by \$0.8M.
- (2) See Adjusted EBITDA reconciliation below.

Q1 Financial Highlights

- Q1'23 revenue was \$17.9M versus \$35.1M in Q1'22, reflecting the impact of completing a significant project in Q4'22, ongoing customer delays on the commencement of large LED lighting projects, as well as a slowdown in the approval of projects by new and existing customers, likely due to current and anticipated economic conditions.
- Q1'23 gross profit percentage was 19.8% vs. 29.1% in Q1'22 and 23.8% in Q4'22, primarily due to the impact of lower fixed cost absorption on reduced business volume.
- Q1'23 net income declined to a loss of \$2.8M, or (\$0.09) per share, compared to net income of \$2.5M, or \$0.08 per share, in Q1'22.
- Adjusted EBITDA was (\$2.9M) vs. \$4.0M in Q1'22 and (\$0.4M) in Q4'22.
- Orion ended Q1'23 with \$29.5M in working capital, including inventory of \$18.8M. Orion had approximately \$25M of liquidity at the close of Q1'23, comprised of \$9.4M of cash and cash equivalents and \$15.8M of availability on its working capital credit facility.

CEO Commentary

Mike Altschaeff, Orion's CEO and Board Chair, commented, "In Q1'23 we saw a continuation of customer project delays that also impacted our results in the second half of last year, along with some slowing of our sales cycle as new and existing customers work through current economic conditions. Despite the slow start to this year, we believe Orion has a robust pipeline of opportunities that should commence in the second half of our fiscal year. We continue to view all our paths to market including national accounts, ESCOs and distribution – as important to Orion's growth and development, as we build and diversify our revenue sources in FY 2023 and beyond.

“Importantly, the growing scale and complexity of LED lighting and controls, alternative energy strategies and ongoing maintenance requirements creates an ideal backdrop for our unique turnkey capabilities with one point of contact and accountability. Orion’s energy efficiency and sustainability service and capabilities and our ‘customer for life’ commitment position us well to grow our penetration of the substantial LED lighting and maintenance services opportunities we are targeting. We continue to expand our active major national account base as these customers are best positioned to benefit from our turnkey design-build-install-maintain capabilities.

“The high quality, energy efficient design, and reliability and of our LED lighting solutions are also well-suited and gaining traction in the Energy Service Company (ESCO) market. Given our alignment with ESCOs’ mandate to deliver energy efficiency solutions, we are focusing additional resources on this path to market, which we believe can deliver substantial future growth. We are also building on our distribution channel, where we recently added three new sales agents to expand our national footprint.

“Rounding out our ‘customer for life’ solutions offering is our growing lighting and electrical maintenance services business which we expanded with the acquisition of Stay-Lite Lighting, a nationwide lighting and electrical maintenance provider, in January 2022. We are building a growing base of recurring maintenance services revenue to complement our LED lighting solutions and turnkey project business. Our maintenance business remains on track to generate meaningful growth in fiscal 2023 and in future periods, as we expand our ability to support our customers in meeting their operational, financial and environmental sustainability goals.

“In terms of M&A, we have developed a strong pipeline of potential targets that we continue to evaluate as to their valuation, fit with our business, creation of new opportunities, and potential synergies. We remain disciplined and prudently cautious in this effort and believe that the current market environment could present some attractive opportunities to build and diversify our business. We believe our liquidity, capital position and borrowing capacity provide solid support for both our ongoing business and our M&A process and expect our cash position and borrowing base to strengthen as we advance through the year.”

Business Outlook

FY 2023 is starting more slowly than expected due primarily to ongoing customer project delays and a slowing sales cycle that seems related to current and future economic uncertainties. As a result, Orion now expects a modest sequential revenue improvement in Q2’23 over Q1’23 and full-year FY 2023 revenue of between \$90M and \$110M. This range principally reflects potential variability in the timing of large customer projects. This updated FY 2023 revenue outlook implies double digit organic growth in business outside of its largest customer.

Key factors expected to influence Orion’s FY 2023 performance include:

- Large national customers moving forward with delayed projects.
- Growth in Orion’s maintenance services business revenue.
- Successfully closing several in-process large commercial and public-sector project opportunities.
- An expected rebound in Orion’s automotive sector business.
- Revenue of approximately \$20M from the Company’s largest customer via a mix of projects for new facilities, exterior LED lighting, other lighting and electrical projects and maintenance services.
- Additional revenue from new customers as a result of enhanced sales and marketing activities.

Orion cautions investors that its business outlook is subject to a range of factors that are difficult to predict, including but not limited to those listed above, as well as supply chain disruptions, including shipping and logistics issues, component availability, rising input costs, labor supply challenges, the COVID-19 pandemic, and other potential business and economic environment impacts.

Q1 Financial Results

Orion's Q1'23 revenue was \$17.9M compared to \$35.1M in Q1'22. The prior-year quarter benefitted from several large projects, including for a large national retail customer and a global online retailer, which did not recur in Q1'23.

Q1'23 gross profit percentage was 19.8% compared to 29.1% in Q1'22 and 23.8% in Q4'22 – primarily due to lower fixed cost absorption on lower revenues. Orion's past price increases have been effective in mitigating higher input costs.

Total operating expenses grew 5.3% to \$7.2M in Q1'23 from \$6.8M in Q1'22, due to higher G&A expenses, partially offset by lower sales and marketing costs. The Q1'23 period included a full quarter of expenses related to Stay-Lite operations, which were not included in the prior-year period. These Stay-Lite expenses accounted for most of the increase in overall G&A expense.

Orion reported a Q1'23 net loss of (\$2.8M), or (\$0.09) per share, as compared to Q1'22 net income of \$2.5M, or \$0.08 per share, principally due to lower revenues and gross profit percentage in Q1'23. Likewise, Orion generated negative Adjusted EBITDA of (\$2.9M) in Q1'23 versus Adjusted EBITDA of \$4.0M in Q1'22.

Balance Sheet

Orion ended Q1'23 with \$29.5M in working capital, including inventory of \$18.8M. Orion had approximately \$25M of liquidity at the close of Q1'23, including cash and cash equivalents of \$9.4M and \$15.8M available on its working capital credit facility.

Webcast/Call Detail

Date / Time: Wednesday, August 3rd at 10:00 a.m. ET

Live Call Registration: <https://register.vevent.com/register/B1c912b5aa1ca143a89e9702680a8dc3cf> Participants for the live call must pre-register using the URL above to receive the dial-in number and a unique PIN to access the call. If you lose your PIN or the dial-in (and the back-up email), simply re-register for a new PIN.

Webcast / Replay: <https://edge.media-server.com/mmc/p/t6ch62d6>

About Orion Energy Systems (www.orionlighting.com)

Orion provides innovative LED lighting systems and turnkey project implementation including installation and commissioning of fixtures, controls and IoT systems, as well as ongoing system maintenance and program management. We help our customers achieve energy savings with healthy, safe and sustainable solutions, enabling them to reduce their carbon footprint and digitize their business. Orion is committed to operating responsibly throughout all areas of our organization.

Learn more about Orion's ESG priorities, goals and progress here or visit Orion's website.

Non-GAAP Measures

In addition to the GAAP results included in this presentation, Orion has also included the non-GAAP measures, EBITDA (earnings before interest, taxes, depreciation and amortization), and Adjusted EBITDA (EBITDA adjusted for stock-based compensation, payroll tax credit, and acquisition expenses). The Company has provided these non-GAAP measures to help investors better understand its 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 performance of the business and believes this measurement enables 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 measurement. 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.

Consistent with Regulation G under the U.S. federal securities laws, the non-GAAP measures in this press release have been reconciled to the nearest GAAP measures, and this reconciliation is located under the heading “Unaudited EBITDA Reconciliation” and “Unaudited Earnings Per Share Reconciliation” following the Condensed Consolidated Statements of Cash Flows included in this press release.

Safe Harbor Statement

Certain matters discussed in this press release, including under the headings “Q1 Financial Highlights”, “CEO Commentary”, “Business Outlook”, and “Financial Results” are “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements may generally be identified as such because the context of such statements will include words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or words of similar import. Similarly, statements that describe our future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause results to differ materially from those expected, including, but not limited to, the following: (i) our ability to manage general economic, business and geopolitical conditions, including the impacts of natural disasters, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as the COVID-19 pandemic; (ii) the deterioration of market conditions, including our dependence on customers’ capital budgets for sales of products and services, and adverse impacts on costs and the demand for our products as a result of factors such as the COVID-19 pandemic and the implementation of tariffs; (iii) our ability to adapt and respond to supply chain challenges, especially related to shipping and logistics issues, component availability, rising input costs, and a tight labor market; (iv) our ability to recruit, hire and retain talented individuals in all disciplines of our company; (v) our ability to successfully launch, manage and maintain our refocused business strategy to successfully bring to market new and innovative product and service offerings; (vi) our recent and continued reliance on significant revenue to be generated in fiscal 2023 from the lighting and controls retrofit projects for two major global logistics companies; (vii) our dependence on a limited number of key customers, and the potential consequences of the loss of one or more key customers or suppliers, including key contacts at such customers; (viii) our ability to identify and successfully complete transactions with suitable acquisition candidates in the future as part of our growth strategy; (ix) the availability of additional debt financing and/or equity capital to pursue our evolving strategy and sustain our growth initiatives; (x) our risk of potential loss related to single or focused exposure within the current customer base and product offerings; (xi) our ability to sustain our profitability and positive cash flows; (xii) our ability to differentiate our products in a highly competitive and converging market, expand our customer base and gain market share; (xiii) our ability to manage and mitigate downward pressure on the average selling prices of our products as a result of competitive pressures in the light emitting diode (“LED”) market; (xiv) our ability to manage our inventory and avoid inventory obsolescence in a rapidly evolving LED market; (xv) our increasing reliance on third parties for the manufacture and development of products, product components, as well as the provision of certain services; (xvi) our increasing emphasis on selling more of our products through third party distributors and sales agents, including our ability to attract and retain effective third party distributors and sales agents to execute our sales model; (xvii) our ability to develop and participate in new product and technology offerings or applications in a cost effective and timely manner; (xviii) our ability to maintain safe and secure information technology systems; (xix) our failure to comply with the covenants in our credit agreement; (xx) our ability to balance customer demand and production capacity; (xxi) our ability to maintain an effective system of internal control over financial reporting; (xxii) price fluctuations (including as a result of tariffs), shortages or interruptions of component supplies and raw materials used to manufacture our products; (xxiii) our ability to defend our patent portfolio and license technology from third parties; (xxiv) a reduction in the price of electricity; (xxv) 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; (xxvi) the cost to comply with, and the effects of, any current and future industry and government regulations, laws and policies; (xxvii) potential warranty claims in excess of our reserve estimates; and (xxviii) the other risks described in our filings with the Securities and Exchange Commission. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The

forward-looking statements made herein are made only as of the date of this press release and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, which are available at <http://www.sec.gov> or at <http://investor.orionenergy.com/> in the Investor Relations section of our Website.

Twitter: [@OrionLighting](#) and [@OrionLightingIR](#)

StockTwits: [@Orion_LED_IR](#)

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

	<u>June 30, 2022</u>	<u>March 31, 2022</u>
Assets		
Cash and cash equivalents	\$ 9,424	\$ 14,466
Accounts receivable, net	11,735	11,899
Revenue earned but not billed	1,894	2,421
Inventories, net	18,753	19,832
Prepaid expenses and other current assets	2,624	2,631
Total current assets	44,430	51,249
Property and equipment, net	11,061	11,466
Goodwill	622	350
Other intangible assets, net	2,330	2,404
Deferred tax assets	18,783	17,805
Other long-term assets	3,375	3,543
Total assets	<u>\$ 80,601</u>	<u>\$ 86,817</u>
Liabilities and Shareholders' Equity		
Accounts payable	\$ 7,411	\$ 9,855
Accrued expenses and other	7,362	8,427
Deferred revenue, current	127	76
Current maturities of long-term debt	16	16
Total current liabilities	14,916	18,374
Revolving credit facility	—	—
Long-term debt, less current maturities	15	19
Deferred revenue, long-term	545	564
Other long-term liabilities	2,553	2,760
Total liabilities	18,029	21,717
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$0.01 par value: Shares authorized: 30,000,000 at June 30, 2022 and March 31, 2022; no shares issued and outstanding at June 30, 2022 and March 31, 2022	—	—
Common stock, no par value: Shares authorized: 200,000,000 at June 30, 2022 and March 31, 2022; shares issued: 40,723,299 at June 30, 2022 and 40,570,909 at March 31, 2022; shares outstanding: 31,250,071 at June 30, 2022 and 31,097,872 at March 31, 2022	—	—
Additional paid-in capital	158,727	158,419
Treasury stock, common shares: 9,476,228 at June 30, 2022 and 9,473,037 at March 31, 2022	(36,240)	(36,239)
Retained deficit	(59,915)	(57,080)
Total shareholders' equity	62,572	65,100
Total liabilities and shareholders' equity	<u>\$ 80,601</u>	<u>\$ 86,817</u>

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

	Three Months Ended June 30,	
	2022	2021
Product revenue	\$ 13,483	\$ 28,246
Service revenue	4,423	6,855
Total revenue	17,906	35,101
Cost of product revenue	10,385	19,433
Cost of service revenue	3,967	5,438
Total cost of revenue	14,352	24,871
Gross profit	3,554	10,230
Operating expenses:		
General and administrative	3,754	3,111
Acquisition costs	14	—
Sales and marketing	2,889	3,245
Research and development	514	456
Total operating expenses	7,171	6,812
Income from operations	(3,617)	3,418
Other income (expense):		
Other (expense) income	(1)	1
Interest expense	(17)	(19)
Amortization of debt issue costs	(15)	(16)
Total other expense	(33)	(34)
Loss (income) before income tax	(3,650)	3,384
Income tax (benefit) expense	(815)	874
Net (loss) income	\$ (2,835)	\$ 2,510
Basic net (loss) income per share attributable to common shareholders	\$ (0.09)	\$ 0.08
Weighted-average common shares outstanding	31,138,398	30,860,178
Diluted net (loss) income per share	\$ (0.09)	\$ 0.08
Weighted-average common shares and share equivalents outstanding	31,138,398	31,289,924

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

	Three Months Ended June 30,	
	2022	2021
Operating activities		
Net (loss) income	\$ (2,835)	\$ 2,510
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation	354	309
Amortization of intangible assets	52	67
Stock-based compensation	254	160
Amortization of debt issue costs	15	16
Deferred income tax	(978)	872
Gain on sale of property and equipment	(1)	—
Provision for inventory reserves	100	134
Other	(9)	—
Changes in operating assets and liabilities:		
Accounts receivable	109	(5,934)
Revenue earned but not billed	527	1,886
Inventories	979	(1,232)
Prepaid expenses and other assets	160	251
Accounts payable	(2,491)	1,447
Accrued expenses and other	(1,273)	(3,550)
Deferred revenue, current and long-term	32	98
Net cash used in operating activities	(5,005)	(2,966)
Investing activities		
Cash to fund acquisition	55	—
Cash paid for investment	—	(500)
Purchases of property and equipment	(139)	(152)
Additions to patents and licenses	(1)	(4)
Net cash used in investing activities	(85)	(656)
Financing activities		
Payment of long-term debt	(4)	(4)
Proceeds from revolving credit facility	—	—
Payments of revolving credit facility	—	—
Payments to settle employee tax withholdings on stock-based compensation	(2)	(4)
Deferred financing costs	—	(4)
Net proceeds from employee equity exercises	54	104
Net cash provided by financing activities	48	92
Net decrease in cash and cash equivalents	(5,042)	(3,530)
Cash and cash equivalents at beginning of period	14,466	19,393
Cash and cash equivalents at end of period	<u>\$ 9,424</u>	<u>\$ 15,863</u>

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED EBITDA RECONCILIATION
(in thousands)

	Three Months Ended				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Net (loss) income	\$(2,835)	\$ (1,180)	\$ 1,102	\$ 3,659	\$2,510
Interest	17	21	26	14	19
Taxes	(815)	(247)	189	1,343	874
Depreciation	354	391	314	313	309
Amortization of intangible assets	52	69	45	46	67
Amortization of debt issue costs	15	16	15	15	16
Loss on debt extinguishment	—	—	—	—	—
EBITDA	<u>\$(3,212)</u>	<u>\$ (930)</u>	<u>\$ 1,691</u>	<u>\$ 5,390</u>	<u>\$3,795</u>
Stock-based compensation	254	222	219	211	160
Payroll tax credit	—	—	—	(1,587)	—
Acquisition expenses	14	334	178	—	—
Adjusted EBITDA	<u>\$(2,944)</u>	<u>\$ (374)</u>	<u>\$ 2,088</u>	<u>\$ 4,014</u>	<u>\$3,955</u>