

Risk Factors Comparison 2024-06-12 to 2023-06-12 Form: 10-K

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

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

- **We are experiencing ongoing increasing pressures to reduce the selling price of our products driven largely by a return to a more normalized supply chain and reduction in shipping costs for imported products, coupled with the related increase in competition from foreign competitors.**
- **We** do not have major sources of recurring revenue and we depend upon a limited number of customers in any given period to generate a substantial portion of our revenue. The reduction of revenue from our most significant customer over the past three fiscal years has had, and the potential future loss of other significant customers or a major customer would likely have, a materially adverse effect on our results of operations, financial condition and cash flows.
- **Our existing liquidity and capital resources may not be sufficient to allow us to fund or sustain our growth initiatives.**
- **A substantial portion of our revenues are derived from major project-based retrofit work that is awarded through a competitive bid process. It is generally difficult to predict the timing of projects that will be awarded, which can impact our** ability to ~~replace the substantially reduced revenue from our prior most significant customer, regain and sustain our profitability and achieve our desired revenue and profitability goals depends~~ **expected financial results.**
- **Our continued emphasis on our ability indirect distribution channels to sell effectively and timely execute on our key strategic initiatives products and services to supplement our direct distribution channels has had limited success to date.**
- **Goodwill and** ~~We may not realize the other intangibles acquired through anticipated benefits of our recent acquisitions of Stay-Lite Lighting and Voltrek, and the integration of Stay-Lite Lighting and Voltrek may disrupt our business and management, which could adversely affect our business~~ **be impacted by net losses and low levels of liquidity, thus financial condition or results resulting of operations in a valuation impairment.**
- Our products use components and raw materials that may be subject to price fluctuations, shortages or interruptions of supply.
- Our ability to balance customer demand and production capacity and increased difficulty in obtaining permanent employee staffing could negatively impact our business.
- We increasingly rely on third-party manufacturers for the manufacture and development of our products and product components.
- **We are subject to the risk of a cybersecurity breach.**
- Macroeconomic pressures in the markets in which we operate or anticipate operating in the future may adversely affect our financial results.
- ~~Our existing liquidity and capital resources may not be sufficient to allow us to effectively pursue our evolving strategies, complete potential acquisitions or otherwise fund or sustain growth initiatives.~~
- Adverse conditions in the global economy have negatively impacted, and could in the future negatively impact, our customers, suppliers and business.
- ~~As we evolve our business strategy to increase our focus on new product and service offerings, the nature of our business may be significantly changed, or transformed.~~
- ~~Our continued emphasis on indirect distribution channels to sell our products and services to supplement our direct distribution channels has had limited success to date.~~
- The success of our LED lighting retrofit solutions depends, in part, on our ability to claim market share away from our competitors.
- Government tariffs and other actions may adversely affect our business.
- The reduction or elimination of investments in, or incentives to adopt, LED lighting or the elimination of, or changes in, policies, incentives or rebates in certain states or countries that encourage the use of LEDs over some traditional lighting technologies could cause the growth in demand for our products to slow.

Risks Related to Our Business Operational Risks **A substantial portion of our revenues are derived from project-based work that is awarded through a competitive bid process. It is generally difficult to predict the timing and success rate of the projects that we bid and will be awarded.** ~~In prior fiscal 2023 years, one customer represented more than 40 accounted for 16.2% of our total revenue revenues. In, which has not recurred in recent fiscal years 2022, that same customer accounted for 49.1% of our total revenue, and in fiscal 2021, this same customer accounted for 56.0% of our total revenue. In fiscal 2024, we expect that our customer concentration will continue at the approximate level experienced in fiscal 2023.~~ The reduction of revenue from this customer has had a material adverse effect on our results of operations, financial condition and cash flow. ~~We~~ **While this customer continues to be a substantial source of business for us, we** continue to attempt to replace this reduced revenue by diversifying our customer base and expanding our reach to national accounts, ESCOs, the agent driven distribution channel, lighting maintenance customers and the EV market, there is no assurance we will be successful in replacing this reduced revenue. Our ability to replace the substantially reduced revenue from our prior most significant customer, regain and sustain profitability and achieve our desired revenue and profitability goals depends on our ability to effectively and timely execute on our key strategic initiatives. Our ability to replace the substantially reduced revenues from our ~~prior~~ most significant customer, regain profitability and achieve our desired revenue and profitability goals depends on how effectively and timely we execute on our following key strategic initiatives:

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

We also may identify and pursue additional

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

Our ability to achieve our budgeted fiscal 2025 revenue expectations, and related public fiscal 2025 revenue guidance, will have a significant impact on our cash flow and stock price. We have historically had difficulties in achieving may not realize the anticipated benefits of our **budgeted revenue expectations** recent acquisitions of Stay-Lite Lighting and Voltrek. The integrations of Stay-Lite Lighting and Voltrek may disrupt our business and management, which could adversely affect **and related public annual revenue guidance. Our ability to achieve our business budgeted fiscal 2025 revenue expectations, and related public fiscal 2025 revenue guidance, will have a significant impact on our cash flow**, financial condition **and stock price. If or our information technology systems security measures are breached or fail, our products may be perceived as not being secure, customers may curtail or stop buying our products, we may incur significant legal and financial exposure, and our** results of operations, **financial condition and cash flows could be materially adversely affected**. Effective Our information technology systems involve the storage of our confidential information and trade secrets, as well as our customers' personal and proprietary information in our equipment, networks and corporate systems. Security breaches expose us to a risk of loss of this information, litigation and increased costs for security measures, loss of revenue, damage to our reputation and potential liability. Security breaches or unauthorized access may result in a combination of significant legal and financial exposure, increased remediation and other costs, theft and / or unauthorized use or publication of our trade secrets and other confidential business information, damage to our reputation and a loss of confidence in the security of our products, services and networks that could have an adverse effect upon our business. While we take steps to prevent unauthorized access to our corporate systems, because the techniques used to obtain unauthorized access, disable or sabotage systems change frequently or may be designed to remain dormant until a triggering event, we may be unable to anticipate these techniques or implement adequate preventative measures. Further, the risk of a security breach or disruption, particularly through cyber attacks, or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as cyber attacks have become more prevalent and harder to detect and fight against. In addition, hardware, software or applications we procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise network and data security. Any breach or failure of our information technology systems could result in decreased revenue, increased expenses, increased capital expenditures, customer dissatisfaction and potential lawsuits, any of which could have a material adverse effect on **our results** January 1, 2022, we acquired all of **operations, financial condition and cash flows. Some of our existing information technology systems are in need of enhancement, updating and replacement. If our information technology systems fail, or if we experience an interruption in their operation, the then our business, results issued and outstanding capital stock of Stay operations and financial condition could be materially adversely affected. The efficient operation of our business is dependent on our information technology systems, some of which are in need of enhancement, updating and replacement. We rely on these systems generally to manage day** - Lite Lighting to- day **operations, manage relationships with** Inc., a nationwide lighting and electrical maintenance service provider. On October 5, 2022, we acquired the equity interests of Voltrek, LLC an EV charging station solutions provider. We may acquire additional companies or **our enter into customers, maintain our research and development data, and maintain our financial and accounting records. The failure of our information technology systems, our inability to successfully maintain, enhance and / or replace our information technology systems, or any compromise of other** -- the integrity or security of the data we generate from our information technology systems, could have a material adverse affect on our results of operations, **disrupt our** business combinations or strategic initiatives in the future. We may not realize the anticipated benefits of the Stay-Lite or Voltrek acquisition or such other business combinations or acquisitions, and **product development** we may encounter substantial difficulties, costs and delays involved in integrating **make us unable, our** or operations with such businesses severely limit our ability, including to respond to customer demands. In addition, our information technology systems are vulnerable to damage or interruption from : • Exposure to unknown liabilities **earthquake, fire, flood and other natural disasters** ; • **employee or other theft** Potential conflicts between business cultures; • **attacks** Adverse changes in business focus perceived by **computer viruses or hackers; • power outages; and • computer systems, internet, telecommunications or data network failure. Any interruption of our information technology systems could result in decreased revenue, increased expenses, increased capital expenditures, customer dissatisfaction and potential lawsuits, any of which could have a material adverse effect on our results of operations, financial condition and cash flows. We have increased our utilization of third- party manufacturers** constituencies; • Disruption of our ongoing business; • Potential conflicts in distribution, marketing or **for other** -- the manufacture important relationships; • Potential constraints of management resources; • Inability to implement uniform standards, controls, procedures and **development of policies; • Failure to maximize our financial and strategic position; • Failure to achieve planned synergies or our expected financial products and product components, some of which are located overseas. Our** results benefits; • Failure to realize the potential of **operations** the acquired businesses' technologies, complete product development, or properly obtain or secure appropriate protection of intellectual property rights; and • Loss of key employees and / or the diversion of management's attention from other ongoing business concerns. Business combinations and acquisitions of companies are inherently risky, and ultimately, if we do not complete the integration of Stay-Lite Lighting or Voltrek or other acquired businesses successfully and in a timely manner, we may not realize the anticipated benefits of such acquisitions to the extent anticipated, which could adversely affect our business, financial condition **and cash flows could be materially adversely affected if or our results** **third- party manufacturers were to experience problems with product quality, credit or liquidity issues, or supply chain and logistics that could cause delays in delivery** of operations **the finished products and components or the raw materials used to make such products and components**. Our products use components and raw materials that may be subject to price fluctuations, shortages or interruptions of supply, including semiconductor chips. If we are unable to maintain supply sources of our

components and raw materials or if our sources fail to satisfy our supply requirements, we may lose sales and experience increased component costs. We are vulnerable to price increases, as well as transportation and delivery delays, for components and raw materials that we require for our products, including aluminum, copper, certain rare earth minerals, semiconductor chips, power supplies and LED chips and modules. In particular, we utilize semiconductor chips in our LED lighting products and control sensors. For example, our ability to source semiconductor chips has been adversely affected in the recent past and could occur again. Difficulty in sourcing necessary components in the past has resulted in increased component delivery lead times, delays in our product production and increased costs to obtain components with available semiconductor chips. To the extent a semiconductor chip shortage occurs or our ability to acquire the parts necessary to conduct our business operations, such as other necessary finished goods, is materially affected, our production ability and results of operations will be adversely affected. Limitations inherent within our supply chain of certain of our components, raw materials and finished goods, including competitive, governmental, and legal limitations, natural disasters, and other events, could impact costs and future increases in the costs of these items. For example, the adoption of new tariffs by the United States administration or by other countries ~~and the ongoing impact of COVID-19 in China~~ could continue to adversely affect our profitability and availability of raw materials and components, as there can be no assurance that future price increases will be successfully passed through to customers or that we will be able to find alternative suppliers. Further, suppliers' inventories of certain components that our products require may be limited and are subject to acquisition by others and we may not, as a result, have the necessary inventory of parts and goods necessary to conduct our operations. We have in the past purchased excess quantities of certain components critical to our product manufacturing, but there is no guarantee that we will be able to follow or continue to follow this practice in the future. As a result, we have had, and may need to continue, to devote additional working capital to support component and raw material inventory purchases that may not be used over a reasonable period to produce saleable products, and we may be required to increase our excess and obsolete inventory reserves to account for these excess quantities, particularly if demand for our products does not meet our expectations. Also, any further delays, shortages or interruptions in the supply of our components or raw materials could further disrupt our operations. If any of these events occur, our results of operations, financial condition and cash flows could be materially adversely affected. As customer demand for our products changes, we must be able to adjust our production capacity, including increasing or decreasing our employee workforce, to meet demand. We are continually taking steps to address our manufacturing capacity needs for our products. If we are not able to increase or decrease our production capacity at our targeted rate or if there are unforeseen costs associated with adjusting our capacity levels, our ability to execute our operating plan could be adversely affected. We have, in the past, experienced difficulty in hiring sufficient permanent employees to support our production demands. This circumstance has resulted in our increased reliance on temporary employee staffing to support our production operations. Temporary employees can be less reliable and require more ongoing training than permanent employees. These factors can adversely affect our operational efficiencies. This situation has also placed a significant burden on our continuing employees, has resulted in higher recruiting expenses as we have sought to recruit and train additional new permanent employees, and introduced increased instability in our operations to the extent responsibilities are reallocated to new or different employees. To the extent that we are unable to effectively hire a sufficient number of permanent employees, and our reliance on temporary staffing continues to increase, our operations and our ability to execute our operating plan could be adversely affected. Our inability to attract and retain key employees, our reseller network members or manufacturer representative agencies could adversely affect our operations and our ability to execute on our operating plan and growth strategy. We rely upon the knowledge, experience and skills of key employees throughout our organization, particularly our senior management team, our sales group that requires technical knowledge or contacts in, and knowledge of, the LED industry, and our innovation and engineering team. In addition, our ability to attract talented new employees, particularly in our sales group and our innovation and engineering team, is also critical to our success. We also depend on our distribution channels and network of manufacturer sales representative agencies. If we are unable to attract and retain key employees, resellers, and manufacturer sales representative agencies because of competition or, in the case of employees, inadequate compensation or other factors, our results of operations and our ability to execute our operating plan could be adversely affected. ~~If our information technology systems security measures....., financial condition and cash flows.~~ The success of our business depends upon market acceptance of our energy management products and services. Our future success depends upon the continued market acceptance of our energy management products and services and obtaining additional project management retrofit contracts, as well as customer orders for new and expanded products and services to supplement our contract with our current single largest customer. If we are unable to convince current and potential new customers of the advantages of our lighting systems and energy management products and services, or our expanded product and services offerings, then our results of operations, financial condition and cash flows will likely be materially adversely affected. In addition, because the market for energy management products and services, as well as potential new customer uses for our products and services, is rapidly evolving, we may not be able to accurately assess the size of the market, and we may have limited insight into trends that may emerge and affect our business. If the market for our lighting systems and energy management products and services, as well as potential new customer uses for our products and services, does not continue to develop as we anticipate, or if the market does not accept our products or services, then our ability to grow our business could be limited and we may not be able to increase our revenue and our results of operations, financial condition and cash flows will likely be materially adversely affected. ~~We have increased our utilization of third-party manufacturers for the manufacture and development of our products and product components. Our results of operations, financial condition and cash flows could be materially adversely affected if our third-party manufacturers were to experience problems with product quality, credit or liquidity issues, or disruptions or delays in their manufacturing process or delivery of the finished products and components or the raw materials used to make such products and components.~~ Geopolitical issues around the world can impact macroeconomic conditions in where we operate and where we anticipate operating in the future and could have a material adverse impact on our financial results. For example, the ultimate

impact of the **conflict conflicts** in Ukraine **and the Middle East** on fuel prices, inflation, the global supply chain and other macroeconomic conditions is unknown and could materially adversely affect global economic growth, disrupting discretionary spending habits and generally decreasing demand for our products and services, **including our planned retrofit project in Germany in fiscal 2024**. While we do not purchase any of our significant raw materials directly from Russia **or Isreal**, it is a significant global producer of fuel, nickel and copper. **Disruptions - disruption** in the markets for those inputs **resulting from such conflicts** could negatively impact the macroeconomy. **The** We cannot predict the extent or duration of sanctions in response to the **conflict conflicts** in Ukraine **and**, nor can we predict the effects of legislative or other -- **the Middle East** governmental actions or regulatory scrutiny of Russia and Belarus, Russia's other allies or other countries with which Russia has significant trade or financial ties, including China. The conflict in Ukraine may also continue to exacerbate geopolitical tensions globally. We operate in a highly competitive industry and, if we are unable to compete successfully, our results of operations, financial condition and cash flows will likely be materially adversely affected. We face strong competition, primarily from manufacturers and distributors of energy management products and services, as well as from ESCOs and electrical contractors. We are also facing increased competition from manufacturers in low- cost countries. We compete primarily on the basis of customer relationships, price, quality, energy efficiency, customer service and marketing support. Our products are in direct competition with the expanding availability of LED products, as well as other technologies in the lighting systems retrofit market. Many of our competitors are better capitalized than we are and have strong customer relationships, greater name recognition, and more extensive engineering, manufacturing, sales and marketing capabilities. In addition, the LED market has seen increased convergence in recent years, resulting in our competition gaining increased market share and resources. Competitors could focus their substantial resources on developing a competing business model or energy management products or services that may be potentially more attractive to customers than our products or services. In addition, we may face competition from other products or technologies that reduce demand for electricity. Our competitors **have, and** may also **continue to** offer energy management products and services at reduced prices in order to improve their competitive positions. Any of these **These** competitive factors **could have, and may continue to** make it more difficult for us to attract and retain customers, or require us to lower our average selling prices in order to remain competitive, any of which could have a material adverse effect on our results of operations, financial condition and cash flows. **If we fail to establish and maintain effective internal controls over financial reporting, our business and financial results could be harmed. Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our consolidated financial statements or fraud. As of March 31, 2023, our Chief Executive Officer and Chief Financial Officer concluded that our internal controls for fiscal 2023 were designed and operating effectively. However, there can be no assurance that we will not experience a material weakness in our internal control over financial reporting in the future. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. A failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and in a timely manner or to detect and prevent fraud, could result in a restatement of our consolidated financial statements, and could also cause a loss of investor confidence and decline in the market price of our common stock.** The revenue growth of our EV **Division Segment** ultimately depends on consumers' willingness to adopt electric vehicles in a market which is still in its early stages. The growth of our EV **Division Segment** is highly dependent upon the adoption by consumers of EVs, and we are subject to a risk of any reduced demand for EVs. If the market for EVs does not gain broader market acceptance or develops slower than we expect, our business, prospects, financial condition and operating results will be harmed. The market for alternative fuel vehicles is relatively new, rapidly evolving, characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new vehicle announcements, long development cycles for EV original equipment manufacturers, and changing consumer demands and behaviors. Factors that may influence the purchase and use of alternative fuel vehicles, specifically EVs, include: ● perceptions about EV quality, safety (in particular with respect to lithium- ion battery packs), design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of EVs; ● the limited range over which EVs may be driven on a single battery charge and concerns about running out of power while in use; ● concerns regarding the stability of the electrical grid; ● improvements in the fuel economy of the internal combustion engine; ● consumers' desire and ability to purchase a luxury automobile or one that is perceived as exclusive; ● the environmental consciousness of consumers; ● volatility in the cost of oil and gasoline; ● consumers' perceptions of the dependency of the United States on oil from unstable or hostile countries and the impact of international conflicts; ● government regulations and economic incentives promoting fuel efficiency and alternate forms of energy; ● access to charging stations, standardization of EV charging systems and consumers' perceptions about convenience and cost to charge an EV; and ● the availability of tax and other governmental incentives to purchase and operate EVs or future regulation requiring increased use of nonpolluting vehicles. The influence of any of the factors described above may negatively impact the widespread consumer adoption of EVs, which could materially and adversely affect our EV **Division Segment** business, operating results, financial condition and prospects. **If we fail to establish and maintain effective internal controls over financial reporting, our business and financial results could be harmed. Our business was, management is responsible for establishing and maintaining effective internal control over** could again in the future be, negatively impacted by the COVID-19 pandemic. **The COVID-19 pandemic disrupted business, trade, commerce, financial and credit markets reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for**

external purposes in accordance with accounting principles generally accepted in the United States and globally. **Because of its inherent limitations** Our business was adversely impacted by measures taken by customers, **internal** suppliers, government entities and others to control **over financial reporting is** the spread of the virus beginning in March 2020, the last few weeks of our fiscal 2020, and continuing most significantly into the second quarter of fiscal 2021. During the third quarter of fiscal 2021, we experienced a rebound in business, with a full quarter of project installations for our largest customer, as well as installations for a new large specialty retail customer, and no **not intended** significant COVID-19 impacts. However, some customers continue to **provide absolute assurance that we would prevent** refrain from awarding new projects and potential future risks remain due to the COVID-19 pandemic. If the COVID-19 pandemic experiences a resurgence in markets recovering from the spread of COVID-19, or if another significant natural disaster or pandemic were to occur in the future, our **or detect a misstatement of our consolidated financial statements or fraud. A failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial** results of operation accurately and in a timely manner or to detect and prevent fraud, **would likely be materially adversely affected result in a restatement of our consolidated financial statements, and could also cause a loss of investor confidence and decline in the market price of our common stock**.

Financial Risks Our existing liquidity and capital resources may not be sufficient to allow us to effectively **pursue our evolving growth strategies, complete potential acquisitions or otherwise fund or sustain our growth initiatives.** Our existing liquidity and capital resources may not be sufficient to allow us to effectively **pursue our evolving growth strategies, complete potential acquisitions or otherwise fund or sustain our growth initiatives.** If we require additional capital resources, we may not be able to obtain sufficient equity capital and / or debt financing on acceptable terms or conditions, or at all. Factors affecting the availability to us of additional equity capital or debt financing on acceptable terms and conditions, or in sufficient amounts, include: • Our **recent** operating **loss losses** in fiscal 2023; • Our history of operating losses prior to our fiscal 2020; • Our current and future financial results and condition; • Our limited collateral availability; • Our current customer concentration; • The market's, investors' and lenders' view of our company, industry and products; • The perception in the equity and debt markets of our ability to execute and sustain our business plan or achieve our operating results expectations; and • The price, volatility and trading volume and history of our common stock. Our inability to obtain the equity capital or debt financing necessary to **pursue fund our operations** evolving growth strategy could force us to scale back our growth initiatives or **abandon potential acquisitions take action to restructure or reduce our operations**. If we are unable to pursue our **evolving growth strategy and** growth initiatives, our results of operations, financial condition and cash flows could be materially adversely affected. We **experienced** do not have major sources of recurring revenue and we depend upon a **net loss** limited number of customers in **fiscal 2024 and 2023 and**, any given period to generate a substantial portion of our revenue. The reduction of revenue from our prior most significant customer has **to fiscal 2020, we had**, and the **a history of loss losses** of other significant customers or a major customer would likely have, a materially adverse effect on our results of operations, financial condition and **negative cash flow. We may be unable to regain sustained profitability and positive** cash flows **in the future**. We **experienced** do not have any significant long-term contracts with our customers that provide us with recurring revenue from period to period. We currently generate a **net loss** substantial portion of our revenue by securing large retrofit and multi-facility roll-out projects from new and existing customers. As a result, our dependence on individual key customers can vary from period to period due to the significant size of some of our retrofit and multi-facility roll-out projects. Our top 10 customers accounted for approximately 48.9%, 69.4% and 80.0% respectively, of our total revenue for fiscal 2023, 2022 and 2021. In fiscal 2021, one customer accounted for 56.0% of our total revenue compared to 49.1% in fiscal 2022 and in fiscal 2023, this customer accounted for 16.2% of our total revenue. In fiscal 2024 and 2023, and prior to fiscal 2020 we expect our customer concentration will continue at the approximate level experienced **net losses and negative cash flows for** in fiscal 2023. The reduction in revenue from this customer over the past three **the prior five** fiscal years has had a material adverse effect on **There is no guarantee that we will be able to regain our or sustain profitability** results of operations, financial condition and **positive** cash flows **in**. While we continue to try to diversify and expand our customer base, there **the future.** **Our inability to** can be no assurance we will be successful **successfully** doing so. We expect large retrofit and rollout projects to continue to remain **regain** a significant component of our **or sustain** total revenue. The multi-location master retrofit agreements we have entered into with several of our key customers (including our current largest customer) generally require that the customer issue individual facility location work orders or **our profitability** purchase orders before we may install our products at that location. These master agreements do not guarantee that our key customers will make individual facility location purchases from us and **positive** they also generally allow any individual location purchase order or work order to be terminated prior to shipment. As a result, the relative amount and concentration of our revenues may fluctuate year over year and period over period depending on the number of purchase orders or work orders issued by our key customers, which may fluctuate due to factors such as our customers' capital expenditure budgets and general economic conditions. The loss of, or substantial reduction in sales to, any of our significant customers, or a major customer, or the termination or delay of a significant volume of purchase orders by one or more key customers, would likely have a material adverse effect on our results of operations, financial condition and cash flows in any given future period **could materially and adversely affect our ability to pursue our growth initiatives and continue our current level of operations**. Our net operating loss carry-forwards provide a future benefit only if we regain sustained profitability and may be subject to limitation based upon ownership changes. We have significant federal net operating loss carry-forwards and state net operating loss carry-forwards. If we are unable to regain sustained profitability, we will not be able to fully utilize these tax benefits. Furthermore, generally a change of more than 50% in the ownership of a company's stock, by value, over a three-year period constitutes an ownership change for federal income tax purposes. An ownership change may limit a company's ability to use its net operating loss carry-forwards attributable to the period prior to such change. As a result, our ability to use our net operating loss carry-forwards attributable to the period prior to such ownership change to offset taxable income could be subject to limitations in a particular year, which

could potentially result in our increased future tax liability. ~~We experienced a net loss in fiscal 2023 and, until fiscal 2020, we had a history of losses and negative cash flow. We may be unable to regain sustained profitability and positive cash flows in the future. We experienced a net loss in fiscal 2023, and prior to fiscal 2020, we experienced net losses and negative cash flows for the prior five fiscal years. There is no guarantee that we will be able to regain or sustain profitability and positive cash flows in the future. Our inability to successfully regain or sustain our profitability and positive cash flows could materially and adversely affect our ability to pursue our evolving strategies and growth initiatives.~~ Our operations and financial performance are impacted by worldwide economic conditions. Uncertainty about global economic conditions has contributed to customers postponing purchases of our products and services in response to tighter credit, unemployment, negative financial news and / or declines in income or asset values and other macroeconomic factors. The occurrence of these circumstances will likely have a material negative effect on demand for our products and services and, accordingly, on our results of operations, financial condition and cash flows. For example, any economic and political uncertainty caused by the United States tariffs imposed on other countries, and any corresponding tariffs from such other countries in response, may negatively impact demand and / or increase the cost for our products and components used in our products. The **new current** United States administration may pursue a wide range of monetary, regulatory and trade policies, including the continued imposition of the previous United States administration' s tariffs on certain imports. Certain sourced finished products and certain of the components used in our products are impacted by tariffs imposed on China imports. Our efforts to mitigate the impact of added costs resulting from these tariffs include a variety of activities, such as sourcing from non- tariff impacted countries and raising prices. If we are unable to successfully mitigate the impacts of these tariffs and other trade policies, our results of operations, financial condition and cash flows may be materially adversely affected. In addition, global economic and political uncertainty has led many customers to adopt strategies for conserving cash, including limits on capital spending. Our lighting systems are often purchased as capital assets and therefore are subject to our customers' capital availability. Uncertainty around such availability has led customers to delay their purchase decisions, which has elongated the duration of our sales cycles. Weak economic conditions in the past have adversely affected our customers' capital budgets, purchasing decisions and facilities managers and, as a result, have adversely affected our results of operations, financial condition and cash flows. The return to a recessionary state of the global economy could potentially have negative effects on our near- term liquidity and capital resources, including slower collections of receivables, delays of existing order deliveries, postponements of incoming orders and reductions in the number and volume of purchase orders received from key customers as a result of reduced capital expenditure budgets. Our business and results of operations will be adversely affected to the extent these adverse economic conditions affect our customers' purchasing decisions. We are subject to financial and operating covenants in our credit agreement and any failure to comply with such covenants, or obtain waivers in the event of non- compliance, could limit our borrowing availability under the credit agreement, resulting in our being unable to borrow under our credit agreement and materially adversely impact our liquidity. Our credit agreement contains provisions that limit our future borrowing availability and sets forth other customary covenants, including certain restrictions on our ability to incur additional indebtedness, consolidate or merge, enter into acquisitions, make investments, pay any dividend or distribution on our stock, redeem, repurchase or retire shares of our stock, or pledge or dispose of assets. There can be no assurance that we will be able to comply with the financial and other covenants in our credit agreement. Our failure to comply with these covenants could cause us to be unable to borrow under the credit agreement and may constitute an event of default which, if not cured or waived, could result in the acceleration of the maturity of any indebtedness then outstanding under the credit agreement, which would require us to pay all amounts then outstanding. Such an event could materially adversely affect our financial condition and liquidity. Additionally, such events of non- compliance could impact the terms of any additional borrowings and / or any credit renewal terms. Any failure to comply with such covenants may be a disclosable event and may be perceived negatively. Such perception could adversely affect the market price for our common stock and our ability to obtain financing in the future. Strategic Risks As we evolve our business strategy to increase our focus on new product and service offerings, including our comprehensive energy management and maintenance services and our IoT, " smart- building, " " connected ceilings " and other related technology, software and controls products and services, the nature of our business may be significantly changed, or transformed, and our results of operations, financial condition and cash flows may be materially adversely affected. Our future growth and profitability are tied in part to our ability to successfully bring to market new and innovative product and service offerings. **Our** ~~We have begun to evolve our~~ business strategy ~~to~~ **is focus focused** on further expanding the nature and scope of our products and services offered to our customers ~~. This further expansion of our products and services includes pursuing projects to develop recurring revenue streams, including beginning to offer lighting, electrical, heating and ventilation, and other energy maintenance services to large customers with numerous locations. Our expansion efforts also involve utilizing integrating control sensor technology to help customers collect and digitize data for monitoring and decision making purposes assisting customers in the digitization of this data, along with other potential services. We have experienced recent success offering our comprehensive energy project management services to national account customers to retrofit their multiple locations. We also plan to pursue the expansion of our IoT " smart- building " and " connected ceiling " and other related technology, software and controls products and services we offer to our customers . We have invested, and plan to continue to invest, significant time, resources and capital into expanding our offerings in these areas with no expectation that they will provide material revenue in the near term and without any assurance they will succeed or be profitable. In fact, these efforts have reduced our profitability, and will likely continue to do so, at least in the near term. Moreover, as we continue to explore, develop and refine new offerings, we expect that market preferences will continue to evolve, our offerings may not generate sufficient interest by end- user customers and we may be unable to compete effectively with existing or new competitors, generate significant revenues or achieve or maintain acceptable levels of profitability. If we are successful in introducing new product and services offerings, including expanded energy management and maintenance services and products with new technology, software and controls, the nature of our business may significantly change or be transformed away from~~

being principally lighting products focused. Additionally, our experience providing energy maintenance services and technology, software and controls products and services is limited. If we do not successfully execute our strategy or anticipate the needs of our customers, our credibility as a provider of energy maintenance services and technology, software and controls products could be questioned and our prospects for future revenue growth and profitability may never materialize. As we expand our product and services offerings to new markets, the overall complexity of our business will likely increase at an accelerated rate and we may become subject to different market dynamics. The new markets into which we are expanding, or may expand, may have different characteristics from the markets in which we have historically competed. These different characteristics may include, among other things, rapidly changing technologies, different supply chains, different competitors and methods of competition, new product development rates, client concentrations and performance and compatibility requirements. Our failure to make the necessary adaptations to our business model to address these different characteristics, complexities and new market dynamics could adversely affect our operating results. Accordingly, if we fail to successfully launch, manage and maintain our evolving business strategy, our future revenue growth and profitability would likely be limited and our results of operations, financial condition and cash flows would likely be materially adversely affected. Our evolving business strategies may include exploring potential acquisitions, including potential acquisitions that could significantly change, or even transform, the nature of our business. These potential acquisitions could be unsuccessful or consume significant resources, which could materially adversely affect our results of operations, financial condition and cash flows. We may explore additional potential business acquisitions which could more quickly add expanded and different capabilities to our product and services offerings, including potential acquisitions that could significantly change, or even transform, the nature of our business. There can be no assurance that we will identify or successfully complete transactions with suitable acquisition candidates in the future. Similarly, there can be no assurance that our recently completed acquisitions will be successful. Acquisitions may involve significant cash expenditures, debt incurrence, stock issuances, operating losses and expenses that would otherwise be directed to investments in our existing business and could have a material adverse effect on our financial condition, results of operations and cash flows. To pursue acquisitions and other strategic transactions, we may need to raise additional debt and / or equity capital in the future, which may not be available on acceptable terms, in sufficient amounts or at all. In addition, we may issue new shares of our common stock as consideration in such transactions, which may have a dilutive impact on our existing shareholders and may also result in a reduction in the market price of our shares once those newly issued shares are resold in the market. In addition, acquisitions involve numerous other risks, including: • the failure of the acquired business to achieve its revenue or profit forecasts; • the business culture of the acquired business may not match well with our culture; • our business strategies and focus may change in ways that adversely affect our results of operations; • technological and product synergies, economies of scale and cost reductions from the acquisition may not occur as expected; • unforeseen expenses, delays or conditions may result from the acquisition, including required regulatory approvals or consents; • potential changes may result to our management team and / or board of directors; • we may acquire or assume unexpected liabilities or be subject to unexpected penalties or other enforcement actions or legal consequences; • faulty assumptions may be made regarding the macroeconomic environment or the integration process that form a basis for the acquisition; • unforeseen difficulties, delays and costs may arise in integrating the acquired business' s operations, processes and systems; • higher than expected investments may be required to implement necessary compliance processes and related systems, including information technology systems, accounting systems and internal controls over financial reporting; • we may fail to retain, motivate and integrate key management and other employees of the acquired business; • higher than expected costs may arise due to unforeseen changes in tax, trade, environmental, labor, safety, payroll or pension policies in any jurisdiction in which the acquired business conducts its operations; • we may adversely impact our sales channels and our sales channel partners; and • we may experience problems in retaining customers and integrating customer bases. Many of these factors will be outside of our control and any one of them could result in increased costs and reduced profitability, decreases in the amount of expected revenues and diversion of our management' s time and attention. They may also delay, decrease or eliminate the realization of some or all of the benefits we anticipate when we enter into the transaction. Our management team has limited experience in, and limited time to dedicate to, pursuing, negotiating or integrating acquisitions. If we do identify suitable candidates, we may not be able to negotiate or consummate such acquisitions on favorable terms or at all. Any acquisitions we complete may not achieve their initially intended results and benefits, and may be viewed negatively by investors and other stakeholders. We may undertake acquisitions financed in part through public offerings or private placements of debt or equity securities, including through the new issuance of our common stock or debt securities as consideration in an acquisition transaction. Such acquisition financing could result in dilution to our current shareholders, a decrease in our earnings and / or adversely affect our financial condition, liquidity or other leverage measures. In addition to committing additional capital resources to complete any acquisitions, substantial additional capital may be required to operate the acquired businesses following their acquisition. Moreover, these acquisitions may result in significant financial losses if the intended objectives of the transactions are not achieved. Some of the businesses we may acquire may have significant operating and financial challenges, requiring significant additional capital commitments to overcome such challenges and adversely affecting our financial condition and liquidity. Failure to implement our acquisition strategy, including successfully integrating acquired businesses, could have a material adverse effect on our results of operations, financial condition and cash flows. ~~Our continued emphasis on indirect distribution channels to sell our products and services to supplement our direct distribution channels has had limited success to date.~~ If we are unable to attract, incentivize and retain our third- party distributors and sales agents, or our distributors and sales agents do not sell our products and services at the levels expected, our revenues could decline and our costs could increase. We utilize manufacturer representative sales agencies that sell our products through distributors. Many of these sales agents and distributors are not exclusive, which means that these sales agents and distributors may sell other third- party products and services in direct competition with us. Since many of our competitors use sales agents and distributors to sell their products and services,

competition for such agents and distributors is intense and may adversely affect our product pricing and gross margins. Additionally, due to mismanagement, industry trends, macro- economic developments, or other reasons, our sales agents and distributors may be unable to effectively sell our products at the levels desired or anticipated. In addition, we have historically relied on direct sales to sell our products and services, which were often made in competition with sales agents and distributors. In order to attract and form lasting partnerships with sales agents and distributors, we are attempting to overcome our historical perception as a direct sales competitor. As a result, we may have difficulty attracting and retaining sales agents and distributors and any inability to do so could have a negative effect on our ability to attract and obtain customers, which could have an adverse impact on our business. The success of our business depends upon our adaptation to the quickly changing market conditions in the lighting industry and on market acceptance of our lighting retrofit solutions using LED and control technologies. The market for lighting products has experienced a significant technology shift to LED lighting systems. In addition, we continue to explore utilizing our system platform as a “connected ceiling” or “smart ceiling”, or a framework or network that can support the installation and integration of other business technology or data information solutions on our lighting platform. As a result, our future success depends significantly upon the adoption rate of LED products within our primary markets, our ability to participate in this ongoing market trend and our ability to expand into complementary markets. To be an effective participant in the LED market, we must keep up with the evolution of LED and related technologies, which continue to move at a fast pace. We may be unable to successfully develop and market new products or services that keep pace with technological or industry changes, differentiate ourselves from our competition, satisfy changes in customer demands or comply with present or emerging government and industry regulations and technology standards. The development and introduction of new products and services may result in increased warranty expenses and other new product and services introduction expenses. In addition, we will likely continue to incur substantial costs to research and develop new products and services, which will increase our expenses, without guarantee that our new products and services will be commercially viable. We may also spend time and resources to develop and release new products and services only to discover that a competitor has also introduced similar new products and services with superior performance, at a lower price or on better delivery terms. Moreover, if new sources of lighting or lighting- based solutions are developed, our current products and technologies could become less competitive or obsolete, which could result in reduced revenue, reduced earnings or increased losses, and / or inventory and other impairment charges. Finally, in connection with our historical primary focus on selling our LED products, we expect our results of operations to continue to fluctuate from quarter to quarter to the extent that customers delay purchasing decisions as they evaluate their return on investment from purchasing LED products compared to alternative lighting solutions, the pricing of LED products continues to fall and LED products continue to gain more widespread customer acceptance. Similarly, these circumstances have adversely impacted, and may continue to adversely impact, our product gross margins and our profitability from quarter to quarter. If we are unable to achieve market acceptance of our lighting retrofit solutions using LED technologies and our system platform as a “connected ceiling” or “smart ceiling” or realize the expected benefits from our focus on promoting new products and services, our results of operations, financial condition and cash flows will likely be materially adversely affected. Our financial performance is dependent on our ability to achieve growth in our average selling price of our products. The gross margins of our products can vary significantly, with margins ranging from 10 % to 50 %. While we continue to implement our strategy of transitioning to higher- margin products and reducing the material cost of our products, a change in the total mix of our sales toward lower margin products, a decrease in the margins on our products as a result of competitive pressures driving down the average selling price of our products, lower sales volumes, and promotional programs to increase sales volumes could reduce our profitability and result in a material adverse effect on our results of operations, financial condition and cash flows. Furthermore, the average selling price of our products has been, and may be further, negatively impacted by **the re- normalization of the supply chain and reduction in import costs**, market over- supply conditions, product feature cannibalization by competitors or component providers, low- cost non- traditional sales methods by new market entrants, and comparison of our retrofit fixture products with replacement lamp equivalents. While we have previously implemented general price increases applicable to many new product orders, there is no assurance that such price increases will be accepted by our customers or succeed in increasing the average selling price of our products. In our highly competitive lighting industry, we must be able to innovate and release new products on a regular basis with features and benefits that generate increases in our average selling price and average gross margin. There can be no assurance we will be successful in achieving these goals. The success of our LED lighting retrofit solutions depends, in part, on our ability to claim market share away from our competitors. If we are unable to expand our customer base and increase sales in our targeted markets, our results of operations, financial condition and cash flows will likely be materially adversely affected. Participants in the LED market who are able to quickly establish customer relationships and achieve market penetration are likely to gain a competitive advantage as the lighting retrofit solutions offered by us and our competitors generally have a product life of several years following installation. If we are unable to broaden our customer base and achieve greater market penetration in the LED market in a timely manner, we may lose the opportunity to market our LED products and services to significant portions of the lighting systems retrofit market for several years and may be at a disadvantage in securing future business opportunities from customers that have previously established relationships with one or more of our competitors. These circumstances could have a material adverse effect on our results of operations, financial condition and cash flows. In addition, as we continue to seek to expand our customer base within our national account, agent and ESCO sales channels, our success will depend, in part, on our ability to attract and retain talent to execute on our sales model. If we are unable to attract and retain sufficient talent, we may be unable to broaden our customer base, which will adversely affect our results of operations, financial condition and cash flows. Legal, Regulatory and Compliance Risks Our retrofitting process frequently involves responsibility for the removal and disposal of components containing hazardous materials. When we retrofit a customer’s facility, we typically assume responsibility for removing and disposing of its existing lighting fixtures. Certain components of these fixtures typically contain trace amounts of

mercury and other hazardous materials. Older components may also contain trace amounts of polychlorinated biphenyls, or PCBs. We currently rely on contractors to remove the components containing such hazardous materials at the customer job site. The contractors then arrange for the disposal of such components at a licensed disposal facility. Failure by such contractors to remove or dispose of the components containing these hazardous materials in a safe, effective and lawful manner could give rise to liability for us, or could expose our workers or other persons to these hazardous materials, which could result in claims against us which may have a material adverse effect on our results of operations, financial condition and cash flows. The United States government has, from time to time, implemented various monetary, regulatory, and trade importation restraints, penalties, and tariffs. Certain sourced finished products and certain of the components used in our products have been impacted by tariffs imposed on China imports. Our efforts to mitigate the impact of added costs resulting from these government actions include a variety of activities, such as sourcing from non-tariff impacted countries and raising prices. If we are unable to successfully mitigate the impacts of these tariffs and other trade policies, our results of operations may be adversely affected. Any future policy changes that may be implemented by the current or future United States administration could have a negative consequence on our financial performance. The reduction or elimination of investments in, or incentives to adopt, LED lighting or the elimination of, or changes in, policies, incentives or rebates in certain states or countries that encourage the use of LEDs over some traditional lighting technologies could cause the growth in demand for our products to slow, which could have a material adverse ~~effect~~ **affect-effect** on our results of operations, financial condition and cash flows. Reductions in (including as a result of any budgetary constraints), or the elimination of, government investment and favorable energy policies designed to accelerate the adoption of LED lighting could result in decreased demand for our products and adversely affect our results of operations, financial condition and cash flows. Further, if our products fail to qualify for any financial incentives or rebates provided by governmental agencies or utilities for which our competitors' products qualify, such programs may diminish or eliminate our ability to compete by offering products at lower prices than ours. Changes in government budget priorities and political gridlock, and future potential government shutdown, could negatively impact our results of operations, financial condition and cash flows. Actual and perceived changes in governmental budget priorities, and future potential government shutdowns, could adversely affect our results of operations, financial condition and cash flows. Certain government agencies purchase certain products and services directly from us. When the government changes budget priorities, such as in times of war, financial crisis, or a changed administration, or reallocates spending to areas unrelated to our business, our results of operations, financial condition and cash flows can be negatively impacted. For example, demand and payment for our products and services may be affected by public sector budgetary cycles, funding authorizations or rebates. Funding reductions or delays, including delays caused by political gridlock, and future potential government shutdowns, could negatively impact demand and payment for our products and services. If any of these events occur, our results of operations, financial condition and cash flows could be materially adversely affected. Product liability claims could adversely affect our business, results of operations and financial condition. We face exposure to product liability claims in the event that our energy management products fail to perform as expected or cause bodily injury or property damage. Since virtually all of our products use electricity, it is possible that our products could result in injury, whether by product malfunctions, defects, improper installation or other causes. Particularly because our products often incorporate new technologies or designs, we cannot predict whether or not product liability claims will be brought against us in the future or result in negative publicity about our business or adversely affect our customer relations. Moreover, we may not have adequate resources in the event of a successful claim against us. A successful product liability claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages and could materially adversely affect our results of operations, financial condition and cash flows. Our inability to protect our intellectual property, or our involvement in damaging and disruptive intellectual property litigation, could adversely affect our results of operations, financial condition and cash flows or result in the loss of use of the related product or service. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as employee and third-party nondisclosure and assignment agreements. Our failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our results of operations, financial condition and cash flows. We own United States patents and patent applications for some of our products, systems, business methods and technologies. We offer no assurance about the degree of protection which existing or future patents may afford us. Likewise, we offer no assurance that our patent applications will result in issued patents, that our patents will be upheld if challenged, that competitors will not develop similar or superior business methods or products outside the protection of our patents, that competitors will not infringe upon our patents, or that we will have adequate resources to enforce our patents. Effective protection of our United States patents may be unavailable or limited in jurisdictions outside the United States, as the intellectual property laws of foreign countries sometimes offer less protection or have onerous filing requirements. In addition, because some patent applications are maintained in secrecy for a period of time, we could adopt a technology without knowledge of a pending patent application, and such technology could infringe a third party's patent. We also rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise learn of our unpatented technology. To protect our trade secrets and other proprietary information, we generally require employees, consultants, advisors and collaborators to enter into confidentiality agreements. We cannot assure you that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information. If we are unable to maintain the proprietary nature of our technologies, our business could be materially adversely affected. We rely on our trademarks, trade names, and brand names to distinguish our company and our products and services from our competitors. Some of our trademarks may conflict with trademarks of other companies. Failure to obtain trademark registrations could limit our ability to protect our trademarks and impede our sales and marketing efforts. Further, we cannot assure you that competitors will not infringe our trademarks, or that we will have adequate resources to enforce our trademarks.

In addition, third parties may bring infringement and other claims that could be time-consuming and expensive to defend. Also, parties making infringement and other claims against us may be able to obtain injunctive or other equitable relief that could effectively block our ability to provide our products, services or business methods and could cause us to pay substantial damages. In the event of a successful claim of infringement against us, we may need to obtain one or more licenses from third parties, which may not be available at a reasonable cost, or at all. It is possible that our intellectual property rights may not be valid or that we may infringe upon existing or future proprietary rights of others. Any successful infringement claims could subject us to significant liabilities, require us to seek licenses on unfavorable terms, prevent us from manufacturing or selling products, services and business methods and require us to redesign or, in the case of trademark claims, re-brand our company or products, any of which could have a material adverse effect on our results of operations, financial condition and cash flows. The cost of compliance with environmental laws and regulations and any related environmental liabilities could adversely affect our results of operations, financial condition and cash flows. Our operations are subject to federal, state and local laws and regulations governing, among other things, emissions to air, discharge to water, the remediation of contaminated properties and the generation, handling, storage, transportation, treatment and disposal of, and exposure to, waste and other materials, as well as laws and regulations relating to occupational health and safety. These laws and regulations frequently change, and the violation of these laws or regulations can lead to substantial fines, penalties and other liabilities. The operation of our manufacturing facility entails risks in these areas and there can be no assurance that we will not incur material costs or liabilities in the future that could adversely affect our results of operations, financial condition and cash flows. Risks Related to Our Common Stock We expect our quarterly revenue and operating results to fluctuate. If we fail to meet the expectations of market analysts or investors, the market price of our common stock could **further** decline ~~substantially~~, and we could become subject to securities litigation **or a potential de-listing from NASDAQ**. Our quarterly revenue and operating results have fluctuated in the past and will likely vary from quarter to quarter in the future. Our results for any particular quarter are not an indication of our future performance. Our revenue and operating results may fall below the expectations of market analysts or investors in some future quarter or quarters. Our failure to meet these expectations could cause the market price of our common stock to **further** decline ~~substantially~~. If the price of our common stock is volatile or falls significantly below our current price, we may be the target of securities litigation **or could be de-listed from NASDAQ. On April 5, 2024, we received written notice from NASDAQ that we were not in compliance with NASDAQ's minimum bid price requirement for continued listing on NASDAQ. If we do not regain compliance by October 2, 2024, an additional 180 days may be granted to regain compliance**. If we become involved in this type of litigation **or are de-listed**, regardless of the outcome, we could incur substantial legal costs, management's attention could be diverted from the operation of our business, and our reputation could be damaged, which could adversely affect our results of operations, financial condition and cash flows. **If securities or industry analysts do..... stock price and trading volume to decline**. The price of our common stock has been, and may continue to be, volatile. Historically, the market price of our common stock has fluctuated over a wide range, and it is likely that the price of our common stock will continue to be volatile in the future. ~~The trading price of our common stock has ranged from \$ 1.45 to \$ 2.94 per share during the period from April 1, 2022 to March 31, 2023.~~ The market price of our common stock could be impacted due to a variety of factors, including: • actual or anticipated fluctuations in our operating results or our competitors' operating results; **• our ability to achieve our analyst's results of operations expectations**; • actual or anticipated changes in the growth rate of the general LED lighting industry, our growth rates or our competitors' growth rates; • conditions in the financial markets in general or changes in general economic conditions, ~~including government efforts to mitigate the severe economic downturn resulting from the COVID-19 pandemic~~; • novel and unforeseen market forces and trading strategies, ~~such as the massive short squeeze rally caused by retail investors and social media activity affecting companies such as GameStop Corp.~~; • actual or anticipated changes in governmental regulation, including taxation and tariff policies; • interest rate or currency exchange rate fluctuations; • our ability to forecast or report accurate financial results; and • changes in stock market analyst recommendations regarding our common stock, other comparable companies or our industry generally. In addition, due to one or more of the foregoing factors in one or more future quarters, our results of operations may fall below the expectations of securities analysts and investors. In the event any of the foregoing occur, the market price of our common stock could be highly volatile and may materially decline. ~~If securities or industry analysts do not continue to publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.~~ The trading market for our common stock ~~may will~~ continue to depend, in part, on the research reports that securities or industry analysts publish about us and our peer group companies. If these analysts do not continue to provide adequate research coverage or if one or more of the analysts who covers us downgrades our stock, lowers our stock's price target or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline. The market price of our common stock could be adversely affected by future sales of our common stock in the public market by us or our executive officers and directors. We and our executive officers and directors may from time to time sell shares of our common stock in the public market or otherwise. We cannot predict the size or the effect, if any, that future sales of shares of our common stock by us or our executive officers and directors, or the perception of such sales, will have on the market price of our common stock. We are not currently paying dividends on our common stock and will likely continue not paying dividends for the foreseeable future. We have never paid or declared any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings to fund the continued development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. In addition, the terms of our existing revolving credit agreement restrict the payment of cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, contractual restrictions and other factors that our board of directors deems relevant. The restrictions on,

and decision not to, pay dividends on our common stock may impact our ability to attract certain investors and raise funds, if necessary, in the capital markets. Anti- takeover provisions included in the Wisconsin Business Corporation Law, provisions in our amended and restated articles of incorporation or bylaws and the common share purchase rights that accompany shares of our common stock could delay or prevent a change of control of our company, which could adversely impact the value of our common stock and may prevent or frustrate attempts by our shareholders to replace or remove our current board of directors or management. A change of control of our company may be discouraged, delayed or prevented by certain provisions of the Wisconsin Business Corporation Law. These provisions generally restrict a broad range of business combinations between a Wisconsin corporation and a shareholder owning 15 % or more of our outstanding common stock. These and other provisions in our amended and restated articles of incorporation, including our staggered board of directors and our ability to issue “ blank check ” preferred stock, as well as the provisions of our amended and restated bylaws and Wisconsin law, could make it more difficult for shareholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by our then- current board of directors, including to delay or impede a merger, tender offer or proxy contest involving our company or result in a lower price per share paid to our shareholders. In addition, our employment arrangements with senior management provide for severance payments and accelerated vesting of benefits, including accelerated vesting of stock options and restricted stock awards, upon a change of control and a subsequent qualifying termination. These provisions could limit the price that investors might be willing to pay in the future for shares of our common stock, thereby adversely affecting the market price of our common stock. These provisions may also discourage or prevent a change of control or result in a lower price per share paid to our shareholders.