

---

---

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

---

**FORM 10-K**

---

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

For the fiscal year ended December 31, 2015

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-23590

---

**REVOLUTION LIGHTING TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**59-3046866**  
(I.R.S. Employer  
Identification No.)

**177 Broad Street, 12<sup>th</sup> Floor, Stamford, CT**  
(Address of principal executive offices)

**06901**  
(Zip Code)

Registrant's telephone number: (203) 504-1111

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

Title of each class  
Common Stock, \$.001 par value

Name of each exchange on which registered  
The NASDAQ Stock Market LLC  
(NASDAQ Capital Market)

Securities registered pursuant to Section 12(g) of the Act: None

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

The aggregate market value of common equity held by non-affiliates of the registrant as of June 30, 2015, based upon the last sale price of such equity reported on The NASDAQ Capital Market, was approximately \$64,455,236.

As of March 1, 2016, there were 159,985,587 shares of Common Stock, \$.001 par value, of the registrant outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Certain information required by Part III of Form 10-K is incorporated by reference to the Registrant’s definitive proxy or information statement for the 2016 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission.

---

---

---

## Table of Contents

### **Revolution Lighting Technologies, Inc. Index to Annual Report on Form 10-K For the Year Ended December 31, 2015**

	<u>Page</u>
<u>Part I</u>	
Item 1. <a href="#">Business</a>	4
Item 1A. <a href="#">Risk Factors</a>	12
Item 1B. <a href="#">Unresolved Staff Comments</a>	18
Item 2. <a href="#">Properties</a>	18
Item 3. <a href="#">Legal Proceedings</a>	19
Item 4. <a href="#">Mine Safety Disclosures</a>	19
<u>Part II</u>	
Item 5. <a href="#">Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	19
Item 6. <a href="#">Selected Financial Data</a>	22
Item 7. <a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	23
Item 7A. <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	32
Item 8. <a href="#">Financial Statements and Supplementary Data</a>	32
Item 9. <a href="#">Change in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	32
Item 9A. <a href="#">Controls and Procedures</a>	32
Item 9B. <a href="#">Other Information</a>	35
<u>Part III</u>	
Item 10. <a href="#">Directors, Executive Officers and Corporate Governance</a>	35
Item 11. <a href="#">Executive Compensation</a>	35
Item 12. <a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	35
Item 13. <a href="#">Certain Relationships and Related Transactions, and Director Independence</a>	35
Item 14. <a href="#">Principal Accountant Fees and Services</a>	35
Item 15. <a href="#">Exhibits and Financial Statement Schedules</a>	36
<a href="#">Signatures</a>	68

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information contained in this Annual Report on Form 10-K, other than historical information, may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Private Securities Litigation Reform Act of 1995 (the “Act”) provides certain “safe harbor” provisions for forward-looking statements. All forward-looking statements made in this Annual Report on Form 10-K are made pursuant to the Act. Words such as “may,” “expect,” “intend,” “anticipate,” “believe,” “estimate,” “continue,” “plan” and similar expressions in this report identify forward-looking statements. The forward-looking statements are based on our current views with respect to future events and financial performance. Actual results may differ materially from those projected in the forward-looking statements. The forward-looking statements are subject to risks, uncertainties and assumptions, including, among other factors:

- our history of losses and that we may be unable to cover our cost of operations unless we generate sufficient operating income from the sale of our products, or raise additional debt or equity capital;
- the future issuance of additional shares of common stock and/or preferred stock could dilute existing stockholders;
- our loan agreement contains financial covenants that may limit our operating and strategic flexibility;
- our growth strategy depends in part on our ability to execute successful strategic acquisitions;
- we must realize the expected benefits of our acquisitions, including our recent acquisitions of Value Lighting, Inc., All Around, Inc., E-Lighting, Inc., and Energy Source, Inc., or face the potential for losses and impairments;
- we face competition from larger companies in each of our product areas;
- the risk that demand for our LED products fails to emerge as anticipated;
- we are dependent on the availability of components used in our finished products and if third-party manufacturers experience delays, or shipping or transportation is disrupted due to labor unrest or other factors, we may incur delays in shipment to our customers, which would damage our business;
- if the companies to which we outsource the manufacture of our products fail to meet our requirements for quality, quantity and timeliness, our revenue and reputation in the marketplace could be harmed;
- we depend on distributors and independent sales representatives for a portion of our revenue and sales, and the failure to successfully manage our relationships with these third-parties, or the termination of these relationships, could cause our revenue to decline and harm our business; and
- the risk that we may not be able to adequately protect our intellectual property rights or that infringement claims by others may subject us to significant costs.

The factors listed under Item 1A. Risk Factors of this Annual Report on Form 10-K, as well as any other cautionary language in this report, provide examples of risks, uncertainties and events which may cause our actual results to differ materially from the expectations we described in our forward-looking statements. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking information will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the objectives or plans of our company will be achieved. We do not undertake any obligation to publicly release the results of any revisions to these forward-looking statements.

**PART I**

**Item 1. Business.**

**General**

Revolution Lighting Technologies, Inc. and its wholly-owned subsidiaries (“the Company”, “we”, “our”, “us”) design, manufacture, market and sell commercial grade light-emitting diode (“LED”) solutions for outdoor and indoor applications, focusing on the commercial and industrial (“C&I”), and government markets in the United States, Canada and internationally. We believe that our product offerings and designs, combined with our comprehensive service capabilities, enable us to provide the highest performance products available to generate significant energy and maintenance cost savings for our customers, while enhancing safety and productivity through superior light quality and output.

We generate revenue by selling lighting products globally for use in the commercial and industrial, and government markets, which include vertical markets such as industrial, commercial and government facilities, hospitality, institutional, educational, healthcare and signage markets. We market and distribute our products directly to customers and through networks of distributors, independent sales agencies and representatives, electrical supply companies, as well as internal marketing and sales forces whose knowledge and understanding of state and utility rebate and incentive programs, lighting technology, building constraints, and regulatory environment enables customers to select the best solution for their needs.

We provide our customers with leading experience and industry knowledge. We have continued to make key investments to offer leading services, including scope development, product specification, incentive procurement, bidding and project management capabilities. Investments include Seesmart Technologies, Relume Technologies, Value Lighting, Tri-State LED, All Around Lighting, and most recently Energy Source, a full service turnkey solutions provider and installer of LED technology, to ensure that we continue to combine the highest quality lighting products with exceptional service.

The Company’s operations consist of one reportable segment for financial reporting purposes: Lighting Products and Solutions (principally LED fixtures and lamps). For each of the two years ended December 31, 2014, we reported two segments, Lighting Fixtures and Lamps, and Lighting Signage and Media. Due to changes in the management, organizational structure and internal reporting, our operations now comprise one reportable segment for financial reporting purposes, and therefore segment disclosures are no longer presented.

**History of Our Business**

We were incorporated in Delaware on December 16, 1993. We are the successor by merger to a Florida corporation named Super Vision International, Inc., which was incorporated in January 1991. In April 2007, we changed our name from Super Vision International, Inc. to Nexxus Lighting, Inc. In November 2012, we changed our name from Nexxus Lighting, Inc. to Revolution Lighting Technologies, Inc.

We acquired Lumificent in 2008. We began shipping our line of Array LED replacement lamps in December 2008 and continued to launch Array products in 2009. We broadened the product line by adding additional lamp sizes and options, as well as upgrades to the original products.

On October 28, 2010, we sold substantially all of the assets of our legacy commercial/architectural lighting and pool and spa lighting businesses (the “Legacy Commercial and Pool Lighting Businesses”). Our Legacy Commercial and Pool Lighting Businesses consisted of the manufacture, marketing and sale of LED and fiber optic lighting products used for applications in commercial, architectural and pool and spa markets, excluding the Array business and the business of Lumificent. The divestiture of these businesses was consistent with our strategic plans to focus our resources on businesses where we see more significant long-term growth potential.

On September 25, 2012, we completed the transactions contemplated by an Investment Agreement (the “Series B Investment Agreement”) with RVL 1 LLC (“RVL”), an affiliate of Aston Capital, LLC (“Aston”), whereby the Company issued to RVL shares of Series B Convertible Preferred Stock (the “Series B Investment” or “Investment”), representing 73% of the Company’s outstanding voting stock. The proceeds from the Series B Investment were used to extinguish \$2.5 million of existing short-term debt, to fund a settlement payment in connection with the settlement of a lawsuit, to pay the fees and expenses in connection with the Investment and for working capital purposes. The Investment resulted in a change in control of the Company under applicable regulations of The NASDAQ Stock Market (“NASDAQ”) and was consummated pursuant to an exception from the NASDAQ stockholder approval rules pursuant to the “financial viability exception” set forth in NASDAQ Rule 5635(f).

---

## **Table of Contents**

On December 20, 2012, we acquired Seesmart Technologies, Inc. (“Seesmart”), headquartered in Simi Valley, California. Seesmart designs, manufactures, markets and sells high-performance, commercial grade LED’s in the C&I and municipal market. We completed the acquisition of Seesmart for consideration of \$10.1 million in cash, 7.7 million shares of common stock valued at \$5.0 million and 11,915 shares of Series D convertible preferred stock valued at \$1.5 million. In connection with the funding of the Seesmart acquisition, the Company closed an investment agreement with RVL whereby the Company issued 10,000 shares of Series C preferred stock to RVL for cash of \$10 million. With the acquisition of Seesmart, we targeted the C&I segment sales channel, moving away from the big box store model that was previously pursued. We believe that Seesmart’s management combined with its exclusive network of experienced lighting distributors and sales representatives provides us with a customer and solution-focused advantage.

On August 22, 2013, we acquired Relume Technologies, Inc. (“Relume”), for a total purchase price of \$11.6 million, \$4.3 million in cash net of adjustments and 2,174,000 shares of common stock valued at \$7.3 million. The cash portion of the purchase price was funded with the proceeds from the issuance of Series F preferred stock to RVL. Relume is a manufacturer of outdoor LED products and smart grid control systems for outdoor lighting applications. Relume services several outdoor LED markets, including Municipal Street and roadway lights, parking lots and garages, pedestrian areas, buildings and outdoor advertising displays. Relume’s business is primarily made up of outdoor lighting, with the remaining part of the business split between smart grid control systems, and LED lighting for media and signage. Relume’s patented Silver Circuitry™ process for LED thermal management offers the first seven-year LED warranty, adding value to customers by improving LED performance, lowering operating temperature and extending LED life.

On November 15, 2013, we acquired Tri-State DE LLC (“Tri-State”), a distributor of Revolution’s Seesmart products, for \$3.3 million of cash and 815,000 common shares valued at \$1.1 million. Tri-State has a strong management team and a significant client base in New York, New Jersey and Connecticut.

On April 17, 2014, we acquired Value Lighting, Inc. (“Value Lighting”), a supplier of lighting solutions to the multifamily residential market, for a total purchase price of \$39.3 million, of which \$10.6 million was paid in cash funded with a loan from an affiliate, an unconditional obligation to issue an aggregate of 8,468,192 shares of common stock in four installments at nine, twelve, eighteen and twenty-four months from the acquisition date, valued at \$20.9 million, and contingent consideration payable in cash or common stock at the option of the Company, aggregating up to a total of \$11 million, if certain revenue and EBITDA targets are achieved by Value Lighting for 2014 and 2015 (valued at \$7.8 million). We acquired Value Lighting for its presence in the multifamily residential and construction markets, the experience of the management team, its customer base, operational and business development synergies.

On December 18, 2014, we acquired All Around Lighting, Inc., a supplier of lighting fixtures, for a total purchase price of \$5.0 million. The purchase price consisted of \$0.9 million cash, 1,600,000 shares of the Company’s common stock, and additional cash consideration if certain revenue targets are achieved in 2015 and 2016 (initially valued at \$0.3 million). The shares of common stock have been valued at \$1.8 million, and are being issued in eleven installments over three years beginning in June 2015. The shares are subject to a price floor of \$2.00 per share (initially valued at \$1.9 million), which will terminate when total share consideration received is equal to \$3.2 million. The aggregate purchase price of \$5.0 million has been allocated to \$1.7 million of tangible assets, \$2.2 million of identifiable intangible assets and \$2.8 million of goodwill, reduced by \$1.7 million of liabilities assumed.

On February 5, 2015, the Company acquired the assets of DPI Management, Inc. d/b/a E Lighting for \$0.6 million. The purchase price consisted of cash paid at closing of \$0.1 million, \$0.15 million paid in cash on September 1, 2015, \$0.15 million payable in cash on March 1, 2016, and \$0.2 million payable on September 1, 2016 in cash or common stock, at the Company’s option. The aggregate purchase price of \$0.6 million was assigned to inventories.

On August 5, 2015, the Company completed its acquisition of Energy Source, LLC (“Energy Source”), a provider of turnkey comprehensive energy savings projects (principally LED fixtures and lamps) within the commercial, industrial, hospitality, retail, education and municipal sectors. The purchase consideration aggregated \$31.5 million, which consisted of \$10 million in cash, \$9.7 million in common stock, \$10 million in promissory notes due at the one year anniversary of the acquisition and contingent consideration initially valued at \$1.8 million based on projected EBITDA during 2015, 2016 and 2017. The cash portion of the acquisition was funded through the issuance of 8,695,652 shares of common stock to a third party investor for \$10 million. The promissory notes are supported by an irrevocable letter of credit from RVL. The Company acquired Energy Source for its management team, its client base and operational and business development synergies.

## **The Lighting Industry**

The global lighting industry generally is divided between three major market segments: commercial, industrial and residential. Within these three market segments exist two broad product categories: fixtures and light bulbs (referred to as lamps in the lighting industry). The fixtures category includes all apparatuses, luminaires and power/heat-control systems, while lamps consist of the replaceable devices that emit light. Conventional lamps include incandescent, fluorescent and high-intensity discharge (HID) products. For residential applications within the general illumination market, inexpensive incandescent and, to a lesser extent, compact fluorescent (CFL) bulbs have been the preferred choice. For commercial applications, we believe that the more expensive and long-lasting fluorescent and HID bulbs and fixtures have the largest market share at this time.

---

## [Table of Contents](#)

With rapid advancements in the performance, efficiency and cost of energy-efficient lighting, including LED-based solutions, conventional light sources are beginning to be replaced by advanced technologies with lower operating costs over their useful lives. In addition, the energy-efficient nature of LED technology makes it an environmentally friendly light source, and the compact size of LEDs has created new possibilities in lighting fixture and lamp design. Product selection is influenced by a number of factors, including overall cost, energy efficiency, product life, lumen output and other product features, as well as regulatory, maintenance and environmental factors. We believe our unique advanced lighting solutions are well positioned to increasingly displace conventional lighting in each of our targeted markets.

In North America, lighting manufacturers typically sell products directly to customers and through independent manufacturer's representatives and electrical supply and distribution companies. The distributors then market products to electrical contractors and other end-users. Representatives also have direct contact with lighting designers, electrical engineers, architects and general contractors that influence buying decisions. The manufacturer's representatives often provide value-added services, such as product promotion or design and implementation assistance. The ability of smaller companies to compete against larger more-established rivals is heavily rooted in their capacity to leverage their unique product portfolios and customer service to garner maximum productivity from each representative.

### **LED Lighting Industry Trends**

LEDs are semiconductor-based devices that generate light. As the cost of LEDs decreases while performance improves, combined with increased consumer education, we expect this lighting technology will continue to compete more effectively in the general illumination market versus traditional lighting. We believe the LED lighting industry is experiencing the following trends:

*High Energy Costs Drive LED Adoption.* As a result of rising electricity prices, particularly within dense urban areas already impacted by high energy costs, businesses and consumers seek new technologies to reduce energy consumption. LED lighting technology is one of the fastest growing opportunities to generate significant savings and quick returns on investment. LEDs are 60% more efficient than fluorescent lighting, and 80% more efficient than halogen and incandescent lighting. Based on the large percentage of a building's energy usage consumed by lighting (20% commercial, 15% residential, 7% industrial), industry experts believe LED lighting will be the number-one energy efficiency retrofit opportunity by 2020.

*Technological Maturity:* The technological advancement to LED lighting has achieved commercial viability in terms of brightness, efficiency, lamp life, safety, maintenance reduction and color-rendering (CRI). This maturity continues to drive growing market adoption. According to a U.S. Department of Energy study, LED market share is expected to account for \$72 billion of the \$105 billion general global lighting market by 2020.

*Cost Compression:* Market forces, including competitive pressure, greater manufacturing efficiencies, and increased technology adoption among consumers, continue to significantly drive down LED lamp prices. As a result, the global lighting market is experiencing increased LED adoption.

*Superior Efficiency:* Since the introduction of the first visible LED in the 1960s, the technology has offered an increasingly wide variety of colored lighting, beginning with red and expanding to green, yellow and orange. Initial rudimentary applications included traffic lights, automotive brake lights and indicator lights. In the mid-1990s, LEDs became capable of emitting blue light. With the advent of blue LEDs, combined with phosphor technology, LEDs made another technological leap by emitting white light. This breakthrough enabled LEDs, through its full color spectrum output capabilities, to compete with preferred color temperatures achieved by traditional lighting solutions for applications in commercial, industrial and residential markets.

In an effort to lower energy consumption, lighting companies are focusing on increasing "lumens per watt." Lumens per watt (often referred to as "efficacy") is an industry standard that measures the amount of light emitted per watt of electrical power used, meaning the more lumens per watt, the more energy-efficient the product. Typical incandescent light sources produce between 15 and 25 lumens per watt, while fluorescent and HID light sources can produce output exceeding 100 lumens per watt. Today's LEDs currently perform at over 140 lumens per watt, delivering the highest efficiency light source to the market.

*Governmental Influence:* U.S. government regulation continues to drive efficiency, requiring greater standards among many lighting products today. Such initiatives by the United States Department of Energy and the Environmental Protection Agency's Energy Star Certification Program set industry-wide standards for lighting products that outline efficiency and performance criteria, helping manufacturers promote their products while enhancing consumer awareness and education, allowing for more informed decisions when purchasing lighting products.

Local governments are also adopting regulations to address greater energy efficiency standards while meeting obligations to improve social responsibility and environmental conservation. Mandates requiring greater efficiency are often combined with divestment of energy sources to include more sources of alternate and renewable forms of energy generation, including solar, wind, cogeneration,

---

## Table of Contents

geothermal and fuel cell technologies. State and federal tax incentives continue to provide a significant tailwind to support the growing adoption of these renewable technologies. This net effect translates into reduced energy use, particularly during times of peak energy demand that often relies on older and dirtier forms of energy generation, typically from coal power plants and other less efficient facilities. LED lighting is an attractive solution, considering improved lighting and safety and the significant efficiency benefits versus upfront costs investment to offer a quick and efficient solution with rapid return on investment to meet new legislation requirements.

*Increased Incentive:* Demand on the existing power grid in the United States continues to rise. This increased demand creates unique challenges for municipalities and energy providers in order to generate more power. Extensive investments to expand capacity, construct new facilities, and upgrade aging infrastructure are combined with costly and time-consuming regulatory approval processes, community and environmental challenges, and extended construction periods. As a result, many state government agencies, working in conjunction with the utility companies, provide incentives through the form of credits and rebates to help manage or reduce consumer demand. As LED lighting technology matured, more utilities are now offering incentives and rebate programs toward the installation of LED lighting to reduce upfront costs and improve return on investment. In an effort to encourage the development of high-quality, energy-efficient commercial LED lamps eligible for utility rebates, the DesignLights Consortium (DLC) was created. This organization works to establish rigorous performance standards for the LED lighting industry. LED products that meet DLC's standards become listed on its qualified-products list, making them eligible for substantial rebates from utility companies.

*Customer Acceptance:* While LEDs are rapidly gaining popularity, one of the biggest challenges remaining is educating potential customers on the true benefits of LED technology. Early adoption continues to show positive results reducing lifetime energy and maintenance costs, due to rated life expectancy of more than 8 years (exceeding 70,000 hours).

*Social Responsibility:* LED lighting solutions provide a significant opportunity for individuals, corporations and governments to meet environmental goals. LEDs do not contain mercury, unlike fluorescent lighting, which can be harmful to the environment, do not emit ultraviolet radiation (UV), typically do not contain glass, and are 100% recyclable.

*Retrofit Focus:* The energy savings and positive environmental impact of LED technology in both commercial and residential applications are increasing the market size of retrofit and renovation as compared to new construction. We believe we are experts in both retrofit and renovation. Retrofit consists of the replacement of a luminaire or lamp, one for one, without changing the location or type of luminaire. Renovation consists of redesign of the existing space with LED, potentially using new luminaires in a different location, and possibly adding a control system to further enhance the environment and the energy savings. There are billions of sockets currently operating with traditional light sources that we believe will be converted to LED.

## **Our Competitive Advantages**

We believe the following strengths of our company provide us with competitive advantages in the marketplace:

*Product Quality:* We offer a high performance product, allowing clients to maximize economic returns and payback.

- We design, manufacture and sell high-quality and reliable products across all of our brands with demonstrable performance advantages that are cost competitive. Many of our products are designed to operate over 70,000 hours, and are backed by warranties of up to 10 years. We achieve this, in part, through a combination of sourcing high-quality LEDs, utilizing proprietary thermal management techniques and conducting rigorous third-party product testing. To deliver cost-competitive solutions, we are investing in product advancements, leveraging purchasing volume, capitalizing on strategic vendor relationships and migrating high-volume products to our proprietary manufacturing process.

*Delivering Solutions and Savings:* We provide leading energy efficiency solutions, featuring products with support for multiple markets, and are designed to exceed customer energy efficiency and environmental goals. Based upon our review of publicly available performance data from competitors, our products can provide a quicker return on investment than competitive products, including a 60% energy savings over fluorescent and up to a 90% energy savings over halogen and incandescent lamps.

*Authoritative Knowledge:* We invest in employees with extensive knowledge, understanding and experience of lighting technology, building constraints, and regulatory environments that enables us to continue to provide superior quality products and service for our customers.

*Distributors, Dealers and Agency Network:* Our sales teams act as an invested partner committed to providing constant, expert, responsive guidance to our customers to ensure projects are completed on time and on budget.

- We have 76 dealers, distributors and teaming partners in the United States, and distributors in four other countries. We are on track to continue to grow in selected domestic and international markets. Our distributor and dealer network provides us with a competitive advantage in delivering high-quality products rapidly to market and providing leading end-user education. We also have established relationships with 38 independent commercial sales agencies, which are overseen by four regional sales directors, to provide a geographic footprint spanning the entire United States territory.



---

## **Table of Contents**

*Experienced Management Team.* Our senior management team includes individuals with diverse backgrounds and broad experience. We are led by our Chairman, Chief Executive Officer and President Robert V. LaPenta, a very successful leader with over 40 years of executive management experience in building billion-dollar companies, and Chief Financial Officer and Director, James DePalma, with over 40 years of operational and finance experience in the defense and technology industries. In addition, our division senior management is comprised of individuals with accomplished experience in the lighting industry. Our management team has demonstrated the ability to drive organic growth and pursue and integrate strategic acquisitions.

### **Our Growth Strategy**

*Target Markets:* Our objective is to become the leading provider of advanced LED lighting solutions and services. A key element of our growth strategy is servicing the following markets through the integration of LED lighting, controls and services including:

- Commercial and Industrial (C&I)
- Warehouse
- Education
- Healthcare
- Hospitality
- Federal government, including the military
- State and local government
- Multi-family
- Signs and media

*Regional/National Distribution:* As the LED lighting market continues to build momentum, becoming the dominant lighting technology sold throughout the marketplace requires relationships with regional and national distribution groups. We plan to continue to establish relationships with regional and national distribution groups; this will provide us with another sales channel and significant opportunity for mass product distribution across key industries.

*Expert Partner.* We believe that quality service and expert partnership with our customers is instrumental to the continued success of our business. We will continue to deliver unmatched knowledge and understanding of lighting technology, building constraints, and regulatory environment, enabling repeat and new customers to select the best solution for their needs.

*Refining our LED Product Portfolio.* We intend to continue to refine and improve our LED product portfolio through our research and development team to ensure the highest quality solutions are available to meet our customer's lighting needs.

*Operational Efficiency:* By introducing new products and expanding sales of existing products, we believe that we can significantly improve operational efficiency by reducing our cost of materials, components and manufacturing. Refining our products and increasing our sales also allows us to gain additional leverage from sales representatives within our distribution network, while maintaining competitive price points.

*Developing and Protecting Our Intellectual Property.* We have devoted significant resources to building an advanced research and development team for developing complementary intellectual property to expand our portfolio of advanced lighting technologies. Securing and defending intellectual property related to the design, manufacture and application of advanced lighting technology is expected to be a key element of our existing and future business. The strength of our design and intellectual property portfolio allows us to provide the highest quality LED solutions available, providing a significant advantage over many of our competitors.

### **Products**

*Commercial Lamps and Fixtures.* The RVLТ umbrella for commercial lamps and fixtures products includes the following commercial indoor and outdoor lighting products:

- Linear Tube Lighting

---

## Table of Contents

- Multi – Family Lighting
- Commercial Troffer Lighting
- High- and Low-Bay Lighting
- Garage and Parking Area Lighting
- Street Lighting
- Luminaire LED Retrofit Kits
- Downlighting and Accent Lighting
- Replacement LED Lamps
- Multi-Purpose Lighting
- Signage and Accent Lighting
- Smart Grid Control Systems

These categories encompass extensive product solutions with various sizes, shapes, color-temperature choices, light angles, lens options, and wattages. Applications include interior use, outdoor use, new fixture installation, retrofit installation, smart grid control systems and integration of our LED technology into custom applications.

### **Competition**

We currently face competition from both traditional lighting companies that provide general lighting products, including incandescent, fluorescent, HID, metal halide (MH) and neon lighting. We also have competitors from specialized lighting companies that are engaged in providing LED products. In general, we compete with both groups on the basis of design, innovation, quality of light, maintenance costs, safety issues, energy consumption, price, product quality and brightness.

In the general illumination market, we compete with traditional lighting companies that include Acuity Brands Lighting, Inc., Cooper Lighting (a division of Cooper Industries, Inc.), Hubbell Lighting, Inc. (a division of Hubbell Incorporated), Lithonia Lighting, Osram Sylvania, GE Lighting and Royal Philips Lighting (a division of Koninklijke Philips Electronics N.V.). Our LED products tend to be alternatives to conventional lighting sources for applications within the commercial market. In these markets, we compete on the basis of performance, energy savings, lamp life and durability.

We also compete with providers of LED replacement lamps and other energy-efficient lighting products and fixtures. These companies include traditional lighting companies such as Sylvania and Philips; specialized lighting companies such as Cree, Inc.; certain packaged LED suppliers such as Cree, as well as multiple low-cost offshore providers. In the market for LED lighting products, we compete on the basis of design, innovation, light quality, maintenance costs, safety issues, energy consumption, price, product quality, brightness, and DLC, Energy Star and UL certifications.

We believe that we will compete favorably in our markets, based on the following factors:

- Unique design and quality of our product
- Superior product performance
- Experienced and robust sales and marketing resources
- Authoritative knowledge of our expansive internal and external national distribution network and developed relationships
- Invested partner committed to providing constant, expert, responsive guidance
- Ability to deliver a seamless experience
- Speed to market with the latest technology at competitive price points
- UL, DLC and Energy Star certifications

We expect our markets to remain competitive and to reflect rapid technological evolution and continuously evolving customer and regulatory requirements. Our ability to remain competitive depends upon our success in maintaining and delivering superior product performance in the market at competitive prices on a timely basis.

---

## [Table of Contents](#)

### **Sales and Marketing**

We design, manufacture, market and sell LED solutions; we believe that we furnish exceptional customer service and the highest-quality LED products available for commercial installation. Our Value Lighting and All Around divisions also sell conventional lighting products in the multifamily market based on customer needs.

We market and sell our LED products through our internal sales force and national dealer and distribution network and commercial agency networks. Generally, our distributors, dealers and agencies are recruited, trained and monitored by us directly. We maintain a firm policy on the use of our name for branding our LED lighting products, and we control the message going to our end users in all of our self-generated collateral material.

We promote our brands and products through print media, online media, trade shows and educational seminars. Our advertising is geared toward lead generation, distributor and dealer recruitment, brand awareness and end-user acceptance of LED technology.

We maintain an in-house channel management team that supports our distributor and dealer base. As we grow, we plan to grow our team to manage their accounts and give them the support they need to build their business and promote the brands we own.

### **Manufacturing and Suppliers**

We design and engineer our products and outsource a significant portion of the manufacture and assembly of our products to a number of contract manufacturers both domestically and internationally. These contract manufacturers purchase components that we specify and provide the necessary facilities and labor to manufacture our products. We leverage the strength of the contract manufacturers and allocate the manufacture of specific products to the contract manufacturer best suited to the task. Quality control and lot testing is conducted in our facilities in Simi Valley, California and Oxford, Michigan where we also assemble and manufacture certain of our products. These facilities are also dedicated to assemble products that satisfy the definition of "Made in America".

Some of our products use a custom LED package and are sourced from a limited number of suppliers. Although we currently are dependent on these suppliers, we believe that, if necessary, alternative sources of supply could be found. However, any interruption or delay at our third-party manufacturers or in the supply of the components, or in our ability to obtain components from alternate sources at acceptable prices in a timely manner, could harm our business, financial condition and results of operations.

### **Research and Product Development**

We pride ourselves on delivering the highest quality lighting products. Our research and development team is focused on the design and integration of electronics, optics and thermal management solutions to create advanced lighting solutions. Through these efforts, we seek to enhance our existing products, design new products, and develop solutions for customer applications. We believe that quick responsiveness to customer demands and our ability to achieve industry certifications such as UL, DLC and Energy Star for certain products differentiates us from many of our competitors, as we rapidly introduce new products to address market needs.

During 2015, 2014 and 2013, we spent \$2.5 million, \$2.1 million and \$1.8 million, respectively, on research and product development activities. We continue to invest in our product development, prototypes and specifications as we believe that increased levels of spending on research and development will be necessary to successfully develop advanced lighting products that will have the brightness of traditional lighting systems while being offered at acceptable prices.

### **Patents and Proprietary Rights**

We currently hold 26 patents related to our LED lighting intellectual property and have 12 patent applications currently filed with the United States Patent and Trademark Office or with the World Intellectual Property Organization or foreign patent offices.

Although we expect that several of our patent applications will issue, we cannot be certain that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future, nor can we be sure that any patents that may be granted to us in the future will be commercially useful in protecting our technology. In addition, despite our efforts to protect our intellectual property, unauthorized parties may attempt to copy aspects of our products or obtain and use information that we regard as proprietary.

### **Royalties**

The Company has from time to time entered into agreements whereby we have agreed to pay royalties for the use of certain LED technologies. Royalty expense incurred under these agreements was immaterial for all years presented.

---

## **Table of Contents**

### **Regulations, Standards and Conventions**

Our products are generally required to meet the electrical codes of the jurisdictions in which they are sold. Meeting the typically more stringent codes established in the United States and the European Union usually allows our products to meet the codes in other geographic regions.

Many of our customers require that our products be listed by UL. UL is a U.S., independent, nationally recognized testing laboratory and certification organization. UL develops standards and test procedures for products, materials, components, assemblies, tools and equipment, chiefly dealing with product safety. UL evaluates products, components, materials, systems for compliance to specific requirements, and it permits acceptable products to carry a UL certification mark, as long as they remain compliant with the standards. UL offers several categories of certification. Products that are "UL Listed," are identified by the distinctive UL mark. Many of our LED lighting products are UL-listed, which boosts demand by ensuring their quality and safety.

Today, many of our customers and end-users also expect our products to meet the applicable DLC or Energy Star requirements. DLC and Energy Star are industry standards for energy-efficient lighting products. To qualify for Energy Star certification, LED lighting products must pass a variety of rigorous tests to prove that the products have certain performance and efficiency characteristics. Four of our former Array-branded lamps were among the first lamps to be certified under the Energy Star program, which began accepting applications for lamps in September 2010. A variety of our LED products are DLC-listed, too, making them eligible for valuable rebates from utility companies. As of March 1, 2016, the DLC lists 793 Revolution Lighting Technologies LED products on its Qualified Products List. Like Energy Star, DLC sets stringent product performance and efficiency requirements that manufacturers must meet to qualify for certification. In fact, DLC bases many of its performance requirements on the Energy Star model. However, unlike Energy Star, which primarily regulates products for the residential lighting market, DLC regulates lighting products manufactured for the commercial market. By designing and manufacturing LED products that meet DLC, Energy Star and UL standards, we expect to further improve our sales and industry reputation.

### **Seasonality**

The business exhibits some seasonality, with net sales being affected by the impact of weather and seasonal demand on construction and installation programs, particularly during the winter months. Because of these seasonal factors, we have experienced, and generally expect to experience, increasing revenue as the year progresses.

Our lighting solutions are sold to customers in both the new construction and renovation and retrofit markets. The construction market is cyclical in nature and subject to change in general economic conditions. Unit sales volume has a major impact on our profitability. Economic downturns and the potential decline in key construction markets may have a material effect on the net sales and operating income.

### **Financial Information about Foreign and Domestic Operations**

See Note 12 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

### **Environmental Protection Regulations**

We believe that compliance with environmental protection regulations will not have a material impact on our financial position and results of operations.

### **Employees**

As of December 31, 2015, we had a total of 235 full-time employees and three part-time employees. We enjoy good employee relations. Our employees are not members of any labor union, and we are not a party to any collective bargaining agreement.

### **Corporate Information**

Our principal executive offices are located at 177 Broad Street, 12<sup>th</sup> Floor, Stamford, CT 06901. Our telephone number is (203) 504-1100 and our website is located at [www.rvlti.com](http://www.rvlti.com).

We are a public company and are subject to informational requirements of the Securities Exchange Act of 1934. Accordingly, we filed periodic reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street NE, Room 1580, Washington D.C. 20549 or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding us and other issuers that file electronically. We maintain a corporate website at [www.rvlti.com](http://www.rvlti.com). Other than an investor's own internet access charges, we make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after we have electronically filed such material with, or furnished such material to, the SEC. We intend to use our website as a regular means of disclosing material

---

## Table of Contents

information and for complying with disclosure obligations under Regulation FD promulgated by the SEC. Such disclosures will be included on the website under the heading “Investor Relations”. Accordingly, investors should monitor such portions of the website, in addition to following the Company’s press releases, SEC filings and public conference calls and webcasts.

### **Item 1A. Risk Factors**

The following are some of the factors that we believe could cause our actual results to differ materially from expected and historical results. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not currently known to us or that we currently deemed immaterial may also affect our business operations.

***We have a history of losses and may incur losses in the future. We may be unable to generate sufficient operating income from the sale of our products or raise additional debt or equity capital.***

We have experienced net losses of \$2.4 million, \$5.2 million and \$16.8 million for the years ended December 31, 2015, 2014 and 2013, respectively. As of December 31, 2015, we had an accumulated deficit of \$74.7 million. In order for us to attain profitability and growth, we will need to successfully execute our production, marketing and sales plans for our product lines and improve our distribution and supply chain performance. We may fail to achieve profitability in the future, and our business may not be as successful as we envision. Continuing losses could exhaust our capital resources and force us to scale back, suspend or discontinue our operations. Our operating expenses may continue to increase as we spend resources on growing our business, and if our revenue does not correspondingly increase, our operating results and financial condition will suffer.

We have funded our operations primarily through the issuance of common and preferred stock. We have received financing primarily from our affiliate RVL 1, LLC (“RVL”), an entity affiliated with our Chairman, Chief Executive Officer and President. The actual amount of funds that we will need to meet our operating needs will be determined by a number of factors, many of which are beyond our control. These factors include the timing and volume of sales transactions, the success of our marketing strategy, market acceptance of our products, the success of our manufacturing and research and product development efforts (including any unanticipated delays), the costs associated with obtaining and enforcing our intellectual property rights, regulatory changes, competition, technological developments in the market, evolving industry standards and the amount of working capital investments we are required to make. If we raise funds by selling additional shares of our common stock or securities convertible or exercisable into our common stock, the ownership interest of our existing stockholders will be diluted. If we are unable to obtain sufficient outside capital when needed, our business and future prospects will be adversely affected and we could be forced to scale back, suspend or discontinue operations.

***The future issuance of additional shares of common stock and/or preferred stock could dilute existing stockholders.***

Pursuant to our Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”), we currently have authorized 200,000,000 shares of common stock and 5,000,000 shares of preferred stock. To the extent that common shares are available for issuance, subject to compliance with applicable stock exchange listing rules, our board of directors has the ability to issue additional shares of common stock in the future for such consideration as the board of directors may consider sufficient. The issuance of any additional securities could, among other things, result in substantial dilution of the percentage ownership of our stockholders at the time of issuance, result in substantial dilution of our earnings per share and adversely affect the prevailing market price for our common stock.

In addition, our Certificate of Incorporation provides that our board of directors may designate the rights and preferences of preferred stock without a vote by the stockholders. A new series of preferred stock holders could adversely affect the rights of holders of common stock insofar as such series:

- provides for voting, redemption and conversion rights to the detriment of the holders of common stock;
- provides for dividends that must be paid prior to any distributions on our common stock;
- receives preferences over the holders of common stock or surplus funds in the event of our dissolution or liquidation; or
- has the potential to delay, defer or prevent a change in control of our company, and discourage bids for our common stock.

***Our Loan Agreement contains financial covenants that may limit our operating and strategic flexibility.***

Our loan and security agreement with Bank of America, N.A., as amended (the “Loan Agreement”), contains financial covenants and other restrictions that limit our ability to engage in certain types of transactions. For example, these restrictions require that we maintain certain solvency ratios tied to our ability to borrow under the terms of the Loan Agreement, and generally require us to obtain lender consents for acquisitions. There can be no assurance that we will be in compliance with all covenants in the future or that Bank of America will agree to modify the Loan Agreement, should that become necessary.

---

## Table of Contents

Events beyond our control could affect our ability to comply with these covenants and restrictions. Failure to comply with any of these covenants and restrictions would result in an event of default under the Loan Agreement. If we do not cure an event of default or obtain necessary waivers within the required time periods, Bank of America would be permitted to accelerate the maturity of the debt under the Loan Agreement, foreclose upon our assets securing the debt, and terminate any further commitments to lend to us. Under these circumstances, we may not have sufficient funds or other resources to satisfy our other obligations. In addition, the limitations imposed by the Loan Agreement may significantly impair our ability to obtain other debt or equity financing.

There can be no assurance that any waivers we request will be received on a timely basis, if at all, or that any waivers obtained will extend for a sufficient period of time to avoid an acceleration event, an event of default, or other restrictions on our business. The failure to obtain any necessary waivers could have a material adverse effect on our business, liquidity, and financial condition.

***Our growth strategy depends in part on our ability to execute successful strategic acquisitions. We have made strategic acquisitions in the past and may do so in the future, and if the acquired companies do not perform as expected, this could adversely affect our operating results, financial condition and existing business.***

We may continue to expand our business through strategic acquisitions. The success of any acquisition will depend on, among other things:

- the availability of suitable candidates;
- competition from other companies for the purchase of available candidates;
- our ability to value those candidates accurately and negotiate favorable terms for those acquisitions;
- the availability of funds to finance acquisitions and obtaining any consents necessary under our credit facility;
- the ability to establish new informational, operational and financial systems to meet the needs of our business;
- the ability to achieve anticipated synergies, including with respect to complementary products or services; and
- the availability of management resources to oversee the integration and operation of the acquired businesses.

We may not be successful in effectively integrating acquired businesses and completing acquisitions in the future. We also may incur substantial expenses and devote significant management time and resources in seeking to complete acquisitions. Acquired businesses may fail to meet our performance expectations. If we do not achieve the anticipated benefits of an acquisition as rapidly as expected, or at all, investors or analysts may not perceive the same benefits of the acquisition as we do. If these risks materialize, our stock price could be materially adversely affected.

***Integration of acquired businesses may be difficult to achieve and will consume significant financial and managerial resources which may adversely affect operations.***

Part of our strategy to increase revenue and market share is to grow through strategic acquisitions in order to complement and expand our business. On December 20, 2012, we acquired Seesmart; on August 22, 2013, we acquired Relume; on November 15, 2013, we acquired Tri-State; on April 17, 2014, we acquired Value Lighting; on December 18, 2014, we acquired All Around; on Feb 5, 2015 we acquired E-Lighting; and on August 5, 2015 we acquired Energy Source. These acquisitions involve risks related to the integration and management of technology, operations and personnel of separate companies. The integration of these businesses will be a complex, time-consuming and expensive process and may disrupt our business if not completed in a timely and efficient manner.

We may encounter difficulties, costs and delays involved in integrating the operations, including:

- exposure to unknown liabilities of acquired companies or its assets;
- higher than anticipated acquisition costs and expenses;
- potential conflicts between business cultures;
- adverse changes in business focus perceived by third-party constituencies;
- disruption of our ongoing business;
- potential conflicts in distribution, marketing or other important relationships;
- potential constraints of management resources;
- inability to implement uniform standards, controls, procedures and policies;
- failure to maximize our financial and strategic position by the successful incorporation of acquired technology;

---

## Table of Contents

- failure to realize the potential of acquired technology, 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.

In addition, in the first quarter of 2013, we transitioned our corporate headquarters from Charlotte, North Carolina to Stamford, Connecticut. Seesmart has California and Illinois locations; Relume is headquartered in Michigan; Value Lighting is headquartered in Georgia with facilities in Georgia, Texas and Maryland; Tri-State is headquartered in Connecticut; All Around is headquartered in Texas; E-Lighting is headquartered in Texas; and Energy Source is headquartered in Rhode Island. The geographic distance between the companies and their respective offices and operations increases the risk that the integration will not be completed successfully or in a timely and cost-effective manner. We may not successfully overcome these risks or any other problems encountered in connection with the integration of the companies.

### ***Our acquisitions could result in future impairment charges and other charges which could adversely affect our results of operations.***

As a result of our acquisitions of Seesmart, Relume, Tri-State, Value Lighting, All Around, E-Lighting and Energy Source, and in consideration of future acquisitions, goodwill and other intangible assets have been and will be recorded. At the purchase date, the recorded amounts for goodwill and other intangible assets represent fair values estimated at a point in time and are based on valuations that require significant estimates and assumptions about future events, which are derived from information obtained from the management of the acquired businesses and our business plans for the acquired businesses or intellectual property. If estimates and assumptions used to initially record goodwill and intangible assets do not materialize, ongoing reviews of the carrying amounts of such goodwill and intangible assets may result in impairments which will require us to record a charge in the period in which such an impairment is identified. Such charge could have a severe negative impact on our business, financial condition and results of operations. The following factors also could result in material charges that would adversely affect our results:

- accrual of newly identified pre-acquisition contingent liabilities, in which case the related charge could be required to be included in earnings in the period in which the accrual is determined to the extent it is identified subsequent to the finalization of the purchase price allocation; and
- charges to income to eliminate certain pre-acquisition activities that duplicate those of the combined company or to reduce our cost structure.

### ***If we are not able to compete effectively against companies with greater resources, our prospects for future success will be jeopardized.***

The lighting industry is highly competitive. In the high performance lighting markets in which we sell our LED lighting solutions, our products compete with lighting products utilizing traditional lighting technology provided by larger and better-established lighting operators. Management expects competition to intensify in the future. Many of our competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing, technical and other resources. Our competitors may acquire or be acquired by, receive investments from or enter into other commercial relationships with, larger, well established and well-financed competitors. Therefore, some of our competitors with other revenue sources may be able to devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing policies, and devote substantially more resources to product development. It is difficult to effectively compete with companies that have these resources so we cannot assure that we will ever become a significant company in the industry.

In the replacement lamp market where we sell our Seesmart, Relume, Array and CMG line of LED products, we expect to encounter competition from an even greater number of companies. Our competitors are expected to include the large, established companies in the general lighting industry, such as GE Lighting, Osram Sylvania and Royal Philips Lighting. We believe each of these competitors has undertaken initiatives to develop white light LED technology. These companies have global marketing capabilities and substantially greater resources to devote to research and development and other aspects of the development, manufacture and marketing of LED lighting products than we do. We may also face increased competition from traditional lighting fixture companies, such as Acuity Brands, Cree, Cooper Lighting, Hubbell Lighting, Lithonia Lighting and Royal Philips Lighting. In each of our markets, we also anticipate the possibility that LED manufacturers, including those that currently supply us with LEDs, may seek to compete with us by introducing more complete systems that might not infringe on our patents. Our competitors' lighting technologies and products may be more readily accepted by customers than our products. The relatively low barriers to entry into the lighting industry and the limited proprietary nature of many lighting products also permit new competitors to enter the industry easily. Increased competition may result in reduced operating margins, loss of market share and diminished value in our brands.

---

## **Table of Contents**

### ***If our advanced lighting products do not gain wider market acceptance, prospects for our growth and profitability may be limited.***

We face competition from both traditional lighting technologies, such as incandescent, florescent and neon lighting, and from competitors engaged in providing LED lighting products. Traditional lighting technologies have the advantage of a long history of market acceptance and familiarity as compared to our LED lighting solutions. Potential customers for our LED products may be reluctant to adopt these as alternatives to traditional lighting technologies because of their higher initial cost to achieve comparable light output, although our LED lighting products tend to be more energy efficient and require less maintenance.

Our success will depend upon both the increased acceptance of our LED products as an alternative to traditional lighting technologies and the development of higher lumen producing products to meet traditional lighting applications. Obstacles to adoption of LED lighting in the general lighting market include the high initial cost of high brightness white LEDs and the need for further advances in brightness, color characteristics, efficiency and the predicted life of the LEDs before they require replacement. Our future results are dependent upon sales growth in the commercial, hospitality, institutional, retail and sign markets. As part of our sales and marketing strategy, we actively seek to educate our target markets as to the advantages of our LED lighting solutions. We believe that achievement of this objective is critical to our future success. Our lighting products may not continue to gain market share within the overall lighting market or competitors may introduce better lighting technologies, displacing our LED and other lighting products in the market. If acceptance of our lighting products in general does not continue to grow, then opportunities to increase our revenue and operate profitably may be limited.

### ***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 materially and adversely affect our revenues, profits and margins.***

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 decrease our revenues, profits and margins. 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 our competitors.

### ***We believe that certification and compliance issues are critical to adoption of our lighting systems, and failure to obtain such certification or compliance would harm our business.***

We are required to comply with certain legal requirements governing the materials in our products. Although we are not aware of any efforts to amend any existing legal requirements or implement new legal requirements in a manner with which we cannot comply, our revenue might be materially harmed if such an amendment or implementation were to occur.

We cannot ensure that we will be able to obtain any required certifications for our new products or that, if certification standards are amended, we will be able to maintain any such certifications for our existing products, especially since existing codes and standards were not created with our lighting products in mind. Moreover, although we are not aware of any effort to amend any existing certification standard or implement a new certification standard in a manner that would render us unable to maintain certification for our existing products or obtain certification for new products, our revenue might be materially harmed if such an amendment or implementation were to occur.

### ***Regulations related to conflict-free minerals may force us to incur additional expenses***

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve transparency and accountability concerning the supply of minerals originating from the conflict zones of the Democratic Republic of the Congo (DRC) and adjoining countries. As a result, in August 2012, the SEC established annual disclosure and reporting requirements for those companies who may use "conflict" minerals mined from the DRC and adjoining countries in their products. These requirements required us to undertake due diligence efforts beginning in the 2013 calendar year, with initial disclosure requirements beginning in May 2014. These requirements could affect the sourcing and availability of certain minerals used in the manufacturing of our products. As a result, we may not be able to obtain the relevant minerals at competitive prices, and there will likely be additional costs associated with complying with the due diligence procedures as required by the SEC. In addition, as our supply chain is complex, we may face reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins of all minerals used in our products through the due diligence procedures that we implement, and we may incur additional costs as a result of changes to product, processes or sources of supply as a consequence of these new requirements.

### ***Customers may be unable to obtain financing to make purchases from us.***

Some of our customers require financing in order to purchase our products. The potential inability of these customers to access the capital needed to finance purchases of our products and meet their payment obligations to us could adversely impact our financial



---

## Table of Contents

condition and results of operations. If our customers become insolvent due to market and economic conditions or otherwise, it could have a material adverse impact on our business, financial condition and results of operations. Our affiliate, Aston, has provided financing to some customers, but is under no obligation to continue to provide capital for future orders or other customers. There can be no assurance that Aston or other third party finance companies will continue to provide capital to our customers.

***If components used in our finished products become unavailable, or third-party manufacturers otherwise experience delays, or shipping or transportation is disrupted due to labor unrest or other factors, we may incur delays in shipment to our customers, which would damage our business.***

We depend on third-party suppliers for substantially all of our components and products. We purchase these products and components from third-party suppliers that serve the advanced lighting systems market and we believe that alternative sources of supply are readily available for most products and components. However, consolidation in the LED lighting industry could result in one or more current suppliers being acquired by a competitor, rendering us unable to continue purchasing necessary amounts of key components at competitive prices. In addition, for certain of our customized components, arrangements for additional or replacement suppliers will take time and result in delays. We purchase products and components pursuant to purchase orders placed from time to time in the ordinary course of business. This means we are vulnerable to unanticipated price increases and product shortages. Any interruption or delay in the supply of components and products, or our inability to obtain components and products from alternate sources at acceptable prices in a timely manner, could harm our business, financial condition and results of operations.

We outsource the production of certain parts and components as well as finished goods in our product lines to a number of suppliers. While we believe alternative manufacturers for these products are available, we have selected these particular manufacturers based on their ability to consistently produce these products per our specifications ensuring the best quality product at the most cost effective price. We depend on our third-party manufacturers to satisfy performance and quality specifications and to dedicate sufficient production capacity within scheduled delivery times. Accordingly, the loss of all or one of these manufacturers or delays in obtaining shipments could have a material adverse effect on our operations until such time as an alternative manufacturer could be found.

We may be subject to various import duties applicable to materials manufactured in foreign countries and, in addition, may be affected by various other import and export restrictions, as well as other considerations or developments impacting upon international trade, including economic or political instability, shipping delays and product quotas. These international trade factors will, under certain circumstances, have an impact both on the cost of components (which will, in turn, have an impact on the cost to us of the manufactured product) and the wholesale and retail prices of our products.

In addition, there has been labor unrest, including strikes and work stoppages, among workers at various transportation providers and in industries affecting the transportation industry, such as port workers. We could lose business due to any significant work stoppage or slowdown and, if labor unrest results in increased rates for transportation providers, we may not be able to pass these cost increases on to our customers. Strikes among longshoremen and clerical workers at ports in the past few years have slowed down the ports for a time, creating a major impact on the transportation industry. Any significant work stoppage, slowdown or other disruption involving ports, railroads, truckers or draymen could adversely affect our business and results of operations.

***If the companies to which we outsource the manufacture of our products fail to meet our requirements for quality, quantity and timeliness, our revenue and reputation in the marketplace could be harmed.***

We outsource a significant portion of the manufacture and assembly of our products. We currently depend on a small number of contract manufacturers to manufacture our products at plants in the U.S. and China. These manufacturers supply finished products, components and raw materials (in some cases we procure and provide our contract manufacturers with certain components, such as LEDs) and provide necessary facilities and labor to manufacture our products. If these companies were to terminate their arrangements with us without adequate notice, or fail to provide the required capacity and quality on a timely basis, we would be unable to manufacture and ship our lighting products until replacement manufacturing services could be obtained. To qualify a new contract manufacturer, familiarize it with our products, quality standards and other requirements, and commence volume production is a costly and time-consuming process. If it became necessary to do so, we may not be able to establish alternative manufacturing relationships on acceptable terms.

Our reliance on contract manufacturers involves certain additional risks, including the following:

- lack of direct control over production capacity and delivery schedules;
- lack of direct control over quality assurance, manufacturing yields and production costs;
- risk of loss of inventory while in transit from foreign manufacturers; and
- risks associated with international commerce, particularly with China, including unexpected changes in legal and regulatory requirements, changes in tariffs and trade policies, risks associated with the protection of intellectual property and political and economic instability.

---

## [Table of Contents](#)

Any interruption in our ability to manufacture and distribute products could result in delays in shipment, lost sales, reductions in revenue and damage to our reputation in the market, all of which would adversely affect our business.

***We depend on distributors and independent sales representatives for a portion of our revenue and sales, and the failure to successfully manage our relationships with these third-parties, or the termination of these relationships, could cause our revenue to decline and harm our business.***

We intend to continue to seek strategic relationships to distribute, license and sell certain products. We intend to maximize organic growth of our market. A portion of our revenue comes from sales to distributors including systems integrators, distributors and resellers. We may not be able to negotiate acceptable relationships in the future and cannot predict whether current or future relationships will be successful.

Some of these relationships have not been formalized in a detailed contract, and may be subject to termination at any time. The agreements that are formalized in a contract are generally short-term, not exclusive, and can be cancelled by these sales channels without significant financial consequence. In addition, these parties provide technical sales support to end-users. We cannot control how these sales channels perform and cannot be certain that end-users will be satisfied by their performance. If these distributors and agents significantly change their terms with us, or change their historical pattern of ordering products from us, there could be a significant impact on our revenue and profits.

***Claims by others that our products infringe their patents or other intellectual property rights could prevent us from manufacturing and selling some of our products or require us to pay royalties or incur substantial costs from litigation or development of non-infringing technology.***

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. We may receive notices that claim we have infringed upon the intellectual property of others. Even if these claims are not valid, they could subject us to significant costs. Any such claims, with or without merit, could be time-consuming to defend, result in costly litigation, divert our attention and resources, cause product shipment delays or require us to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on terms acceptable to us or at all. We have engaged in litigation and litigation may be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation may also be necessary to defend against claims of infringement or invalidity by others. A successful claim of intellectual property infringement against us and our failure or inability to license the infringed technology or develop or license technology with comparable functionality could have a material adverse effect on our business, financial condition and operating results.

***Our products could contain defects or they may be installed or operated incorrectly, which could reduce sales of those products or result in claims against us.***

Despite testing by us, errors have been found and may be found in the future in our existing or future products. This could result in, among other things, a delay in the recognition or loss of revenue, loss of market share or failure to achieve market acceptance. These defects could cause us to incur significant warranty, support and repair costs, divert the attention of our engineering personnel from our product development efforts and harm our relationships with our customers. The occurrence of these problems could result in the delay or loss of market acceptance of our lighting products and would likely harm our business. Defects, integration issues or other performance problems in our lighting products could result in personal injury or financial or other damages to end-users or could damage market acceptance of our products. Our customers and end-users could also seek damages from us for their losses. A product liability claim brought against us, even if unsuccessful, would likely be time consuming and costly to defend.

***If we are unable to attract or retain qualified personnel, our business and product development efforts could be harmed.***

To a significant extent, our success will depend on our senior management team, including the Chairman, Chief Executive Officer and President Robert V. LaPenta, and other members of the executive team. The loss of any of these individuals could severely harm the business. Our success also depends on our continued ability to identify, attract, hire, train, retain and motivate highly skilled technical, managerial, manufacturing, administrative and sales and marketing personnel. Competition for these individuals is intense, and we may not be able to successfully recruit, assimilate or retain sufficiently qualified personnel. In particular, we may encounter difficulties in recruiting and retaining a sufficient number of qualified technical personnel, which could harm our ability to develop new products and adversely impact our relationships with existing and future customers. The inability to attract and retain necessary technical, managerial, manufacturing, administrative and sales and marketing personnel could harm our ability to obtain new customers and develop new products and could adversely affect our business and operating results.

## Table of Contents

*We are a “controlled company” within the meaning of the rules of NASDAQ and, as a result, are exempt from certain corporate governance requirements that offer protections to stockholders of other NASDAQ-listed companies.*

As of March 1, 2016, a majority of our outstanding stock is owned by RVL and its affiliates, including our Chairmen, Chief Executive Officer and President and our Chief Financial Officer. As of March 1, 2016, the Company has 160.0 million common shares outstanding, of which 84.2 million shares, or 52.6%, are beneficially owned by RVL and its affiliates. As a result, we are a “controlled company” within the meaning of NASDAQ Marketplace Rule 5615. As a controlled company, we are exempt from certain NASDAQ corporate governance requirements, including that:

- compensation of officers be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee comprised solely of independent directors; and
- director nominees be selected or recommended to the board of directors by a majority of its independent directors or by a nominating committee that is composed entirely of independent directors.

We currently utilize these exemptions. Accordingly, our stockholders are currently not afforded the same protections as stockholders of other NASDAQ-listed companies that are subject to the NASDAQ corporate governance requirements. As a result, it is possible that our directors will have interests and take actions that are in conflict with the interests of the stockholders. We anticipate that we will lose our “controlled company” status during 2016.

*We are currently controlled by our majority stockholder, RVL, whose interests may not be aligned with the interests of our other stockholders.*

RVL and its affiliates currently beneficially own a majority of our outstanding shares of common stock. Consequently, RVL controls the outcome of all matters submitted for stockholder action, including the composition of our board of directors and the approval of significant corporate transactions. Through its majority representation on our board of directors, RVL has a controlling influence on our strategic direction, policies and management, including the ability to appoint and remove officers. As a result, RVL may cause us to take actions that may not be aligned with the interests of other stockholders. For example, RVL may prevent, delay or accelerate any transaction involving a change in control of us or in which our stockholders might receive a premium over the prevailing market price for their shares, or may determine to pursue a transaction not involving a premium. Although we anticipate that RVL and its affiliates will cease to hold a majority of our outstanding shares during 2016, RVL will continue to exert substantial influence on stockholder and board decisions.

### **Item 1B. Unresolved Staff Comments.**

Not applicable.

### **Item 2. Properties.**

The following table summarizes information with respect to our facilities, which are all leased:

	<u>Location</u>	<u>Area (sq. feet)</u>	<u>Year of Lease Expiration</u>
Corporate headquarters	Stamford, Connecticut	16,626	2020
Office and warehouse	Simi Valley, California	12,200	2018
Office, distribution and light manufacturing	Maple Grove, Minnesota	13,200	2018
Office and distribution center	Greenwich, Connecticut	5,230	2020
Office and training center	Crystal Lake, Illinois	10,000	2018
Office, distribution and light manufacturing, showroom and training	Oxford, Michigan	45,000	2017
Office and warehouse	Marietta, Georgia	63,000	2024
Warehouse and distribution center	Marietta, Georgia	14,372	2016
Office, warehouse and distribution center	Carrollton, Texas	37,824	2022
Office and warehouse	Beltsville, Maryland	28,800	2018
Office and warehouse	Carrollton, Texas	73,986	2020
Office	Providence, RI	4,225	2018
Office and warehouse	San Marcos, Texas	20,376	2018
Office	Billerica, Massachusetts	2,883	2020

We consider our facilities adequate for our current needs and believe that suitable additional space would be available if necessary.

## [Table of Contents](#)

### **Item 3. Legal Proceedings**

In the ordinary course of business, we may become a party to various legal proceedings generally involving contractual matters, infringement actions, product liability claims and other matters. The Company is not currently a party to any pending legal proceedings which it believes to be material.

### **Item 4. Mine Safety Disclosures**

Not applicable.

## **PART II**

### **Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

(a) Our common stock is quoted on The NASDAQ Capital Market under the symbol “RVLT.” The following table sets forth the high and low sales prices for our Common Stock for the periods indicated as reported by The NASDAQ Capital Market:

	2015		2014	
	High	Low	High	Low
First Quarter	\$1.39	\$0.92	\$4.35	\$2.81
Second Quarter	1.50	1.06	3.40	2.01
Third Quarter	1.28	0.91	2.67	1.63
Fourth Quarter	1.06	0.68	2.17	0.98

(b) The number of holders of record of our Common Stock on March 1, 2016 was 125. This number does not include beneficial owners of our Common Stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries. On March 1, 2016, the last reported sale price of our common stock on the Nasdaq Capital Market was \$0.75 per share.

(c) We have never paid a cash dividend on our Common Stock and intend to continue to follow a policy of retaining earnings to finance future growth. Accordingly, we do not anticipate the payment of cash dividends to holders of our Common Stock in the foreseeable future. We are also limited in our ability to pay dividends under our loan and security agreement with Bank of America. For additional information on our loan and security agreement, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity, Capital Resources and Cash Flows” and Note 15 of our Notes to Consolidated Financial Statements.

(d) Equity Compensation Plan Information as of December 31, 2015

The following table provides information as of December 31, 2015 with respect to shares of our Common Stock that may be issued under our equity compensation plans. For additional information regarding our stock option plans and the accounting effects of our stock-based compensation, please see Notes 1 and 8 of our Notes to Consolidated Financial Statements.

Plan Category	(a) Number of common shares to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of common shares available for future issuance (excluding securities reflected in column (a))
Equity compensation plans (stock options) approved by stockholders	314,834	\$ 4.36	—
Equity compensation plans (restricted share awards) approved by stockholders (a)	—	N/A	2,437,186
<b>Totals</b>	<b>314,834</b>	<b>N/A</b>	<b>2,437,186</b>

(a) Excludes previous grants of restricted stock totaling 2,706,664 shares and 831,150 shares for incentive compensation.

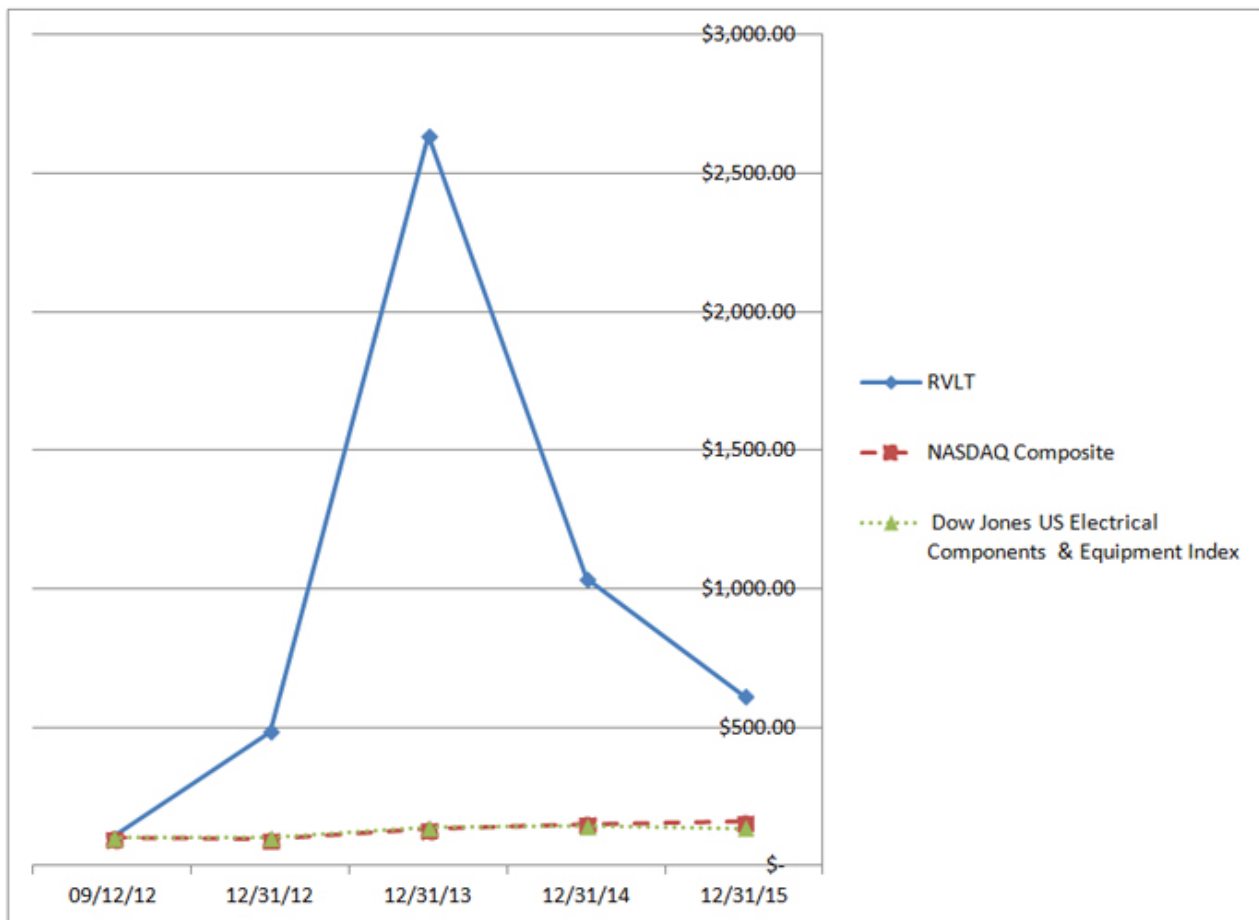
[Table of Contents](#)

**Stock Performance Graphs**

The following information contained in this Item 5 of this Annual Report on Form 10-K is not deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent we specifically incorporate it by reference into such filing.

**Supplemental stock performance graph**

In 2012, a change in control of the Company was effected when RVL purchased 73% of the Company’s outstanding voting stock. The following supplemental graph compares the cumulative total return on our common stock with the cumulative total returns of the NASDAQ Composite Index and the Dow Jones US Electrical Components and Equipment Index for the period commencing on September 12, 2012, the date when RVL announced its initial investment in the Company, to December 31, 2015. The stock price performance shown on the graph is not necessarily indicative of future price performance.



	<u>9/12/12</u>	<u>12/31/12</u>	<u>12/31/13</u>	<u>12/31/14</u>	<u>12/31/15</u>
Revolution Lighting Technologies, Inc.	\$100.00	\$484.61	\$2,638.68	\$1,038.55	\$615.44
NASDAQ Composite	100.00	96.92	133.97	151.89	160.59
Dow Jones US Electrical Components & Equipment Index	100.00	100.45	137.26	146.50	136.56

[Table of Contents](#)

**Five-year stock performance graph**

The following graph compares the cumulative total return on our common stock with the cumulative total returns of the NASDAQ Composite Index and the Dow Jones US Electrical Components and Equipment Index for the five-year period commencing on December 31, 2010. The stock price performance shown on the graph is not necessarily indicative of future price performance.



	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revolution Lighting Technologies, Inc.	\$100.00	\$53.19	\$ 30.73	\$167.05	\$ 65.75	\$ 38.96
NASDAQ Composite Index	100.00	98.26	113.94	157.59	178.74	188.98
Dow Jones US Electrical Components & Equipment Index	100.00	88.62	107.23	146.56	156.33	145.72

[Table of Contents](#)

**Item 6. Selected Financial Data**

The following table presents selected historical consolidated financial data of Revolution Lighting Technologies, Inc. for the fiscal years ended December 31, 2015, 2014, 2013, 2012 and 2011. The selected historical consolidated financial data has been derived from Revolution Lighting Technologies, Inc.’s audited consolidated financial statements for the respective dates and periods.

The information presented below should be read together with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and notes thereto included in “Item 8. Financial Statements and Supplementary Data.”

**(in thousands, except per share data)**

	Year Ended December 31,				
	2015 (1)	2014 (2)	2013 (3)	2012 (4)	2011
<b>Statement of Operations Data:</b>					
Revenue	\$129,656	\$ 76,840	\$ 26,060	\$ 4,481	\$ 8,988
Cost of sales	86,366	52,617	16,108	4,705	7,075
Gross profit (loss)	43,290	24,223	9,952	(224)	1,913
Operating expenses:					
Selling, general and administrative:					
Acquisition, severance and transition costs	1,950	2,488	3,541	286	—
Amortization and depreciation	4,868	5,644	3,122	493	447
Stock-based compensation	2,719	1,711	809	45	301
Other selling, general and administrative	32,179	23,204	11,193	4,417	5,233
Research and development	2,475	2,076	1,809	555	834
Impairment expense	—	—	—	3,397	408
Total operating expenses	44,191	35,123	20,474	9,193	7,223
Operating loss	(901)	(10,900)	(10,522)	(9,417)	(5,310)
Non-operating income (expense):					
Gain on debt restructuring	—	—	—	1,048	—
Change in fair value of embedded derivative	—	—	(6,990)	—	—
Gain on bargain purchase of business	—	—	743	—	—
Interest expense and other bank charges	(1,481)	(830)	(52)	(209)	(115)
Total non-operating income (expense), net	(1,481)	(830)	(6,299)	839	(115)
Loss before income taxes	(2,382)	(11,730)	(16,821)	(8,578)	(5,425)
Deferred income tax benefit	—	6,550	—	—	—
Net loss	(2,382)	(5,180)	(16,821)	(8,578)	(5,425)
Accretion of preferred stock redemption value, beneficial conversion feature, and discount					
	—	(919)	(2,290)	(5,195)	—
Accrual of preferred stock dividends					
	—	(1,445)	(1,360)	(31)	—
Deemed distribution on exchange of preferred stock					
	—	(5,301)	—	—	—
Net loss attributable to common stockholders	<u>\$ (2,382)</u>	<u>\$ (12,845)</u>	<u>\$ (20,471)</u>	<u>\$ (13,804)</u>	<u>\$ (5,425)</u>
Basic and diluted net loss per common share attributable to common stockholders	<u>\$ (0.02)</u>	<u>\$ (0.14)</u>	<u>\$ (0.26)</u>	<u>\$ (0.63)</u>	<u>\$ (0.33)</u>

**(in thousands)**

	As of December 31,				
	2015	2014	2013	2012	2011
<b>Balance Sheet Data (at end of period):</b>					
Cash and cash equivalents	\$ 219	\$ 6,033	\$ 1,757	\$ 4,434	\$ 3,015
Working capital	25,851	18,788	(1,796)	(1,815)	5,326
Total assets	177,635	126,542	52,237	31,277	11,948
Related party notes payable	2,565	2,565	—	—	2,315
Revolving credit facility	22,026	8,760	—	—	—
Total liabilities	75,532	49,226	15,815	10,581	3,637
Convertible redeemable preferred stock	—	—	10,966	—	—
Total stockholders’ equity	102,103	77,316	25,456	20,696	8,311

---

## Table of Contents

- (1) Reflects the acquisition of E-lighting on February 5, 2015, and Energy Source on August 5, 2015.
- (2) Reflects the acquisition of Value Lighting on April 17, 2014, All Around on December 18, 2014, the Preferred Stock Exchange on December 1, 2014 (see Note 7 of the Notes to the Consolidated Financial Statements), and the public offering of common stock on December 1, 2014.
- (3) Reflects the acquisition of Relume on August 22, 2013 and Tri-State on November 15, 2013.
- (4) Reflects the acquisition of Seesmart on December 20, 2012 and the investment by RVL1 LLC on September 12, 2012.

### **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion of our results of operations and financial condition is based upon, and should be read in conjunction with, our consolidated financial statements and accompanying notes thereto included elsewhere in this report. This discussion contains forward-looking statements. Actual results could differ materially from the results discussed in the forward-looking statements. Please see “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” for a discussion of some of the uncertainties, risks and assumptions associated with these statements.*

#### **Overview**

We design, manufacture, market and sell high-performance, commercial grade smart grid control systems, commercial grade LED fixtures for outdoor and indoor applications, LED-based signage, channel-letter and contour lighting products, and LED replacement lamps, as well as conventional lighting fixtures. We sell our LED products under the RVL1, Seesmart, Lumificient, Value Lighting, Array and CMG brand names. Our products incorporate many proprietary and innovative features. We believe that our product offerings and patented designs provide opportunities for significant savings in energy and maintenance costs without compromising the environment. We generate revenue by selling lighting products for use in the commercial and industrial, and government markets, which include vertical markets such as federal, state and local governments, industrial, commercial and government facilities, multi-family real estate construction, hospitality, institutional, educational, healthcare and signage. We market and distribute our products globally through networks of distributors, independent sales agencies and representatives, electrical supply companies, as well as internal marketing and sales forces.

On December 20, 2012, we acquired Seesmart, headquartered in Simi Valley, California. With the acquisition of Seesmart, we targeted the C&I sales channel, moving away from the big box store model the Company previously pursued. Seesmart is a leading LED solutions provider with a range of solutions serving the commercial lighting market. We believe that Seesmart’s management combined with its exclusive network of experienced lighting distributors and sales representatives provides us with a customer and solution-focused advantage.

On August 22, 2013, we acquired Relume. Relume is a manufacturer of outdoor LED products and smart grid control systems for outdoor lighting applications. Relume services several outdoor LED markets, including municipal street and roadway lights, parking lots and garages, pedestrian areas, buildings and outdoor advertising displays. Relume’s patented Silver Circuitry™ process for LED thermal management offers the first seven-year LED warranty, adding value to Revolution Lighting customers by improving LED performance, lowering operating temperature and extending LED life.

On November 15, 2013, we completed the acquisition of Tri-State, a distributor of Seesmart products. Tri-State has a strong management team and a significant client base in New York, New Jersey and Connecticut.

On April 17, 2014, we completed the acquisition of Value Lighting, a supplier of lighting solutions to the multifamily residential market. We acquired Value Lighting for its presence in the multifamily residential market and construction, the experience of the management team, its customer base, and operational and business development synergies which we believe provide an opportunity to offer our LED solutions through Value Lighting’s existing distribution channels.

On December 18, 2014, we completed the acquisition of All Around for its presence in the multifamily residential market and construction, the experience of the management team, its customer base, operational and business development synergies.

On February 5, 2015, the Company acquired the assets of DPI Management, Inc. d/b/a E Lighting, consisting principally of inventory.

On August 5, 2015, we completed the acquisition of Energy Source, a provider of turnkey comprehensive energy savings projects (principally LED fixtures and lamps) within the commercial, industrial, hospitality, retail, education and municipal sectors. We acquired Energy Source for its management team, its client base and operational and business development synergies.



## [Table of Contents](#)

### Segment information

The Company's operations consist of one reportable segment for financial reporting purposes: Lighting Products and Solutions (principally LED fixtures and lamps). For each of the two years ended December 31, 2014, we reported two segments, Lighting Fixtures and Lamps, and Lighting Signage and Media. Due to changes in the management, organizational structure and internal reporting, our operations now comprise one reportable segment for financial reporting purposes, and therefore segment disclosures are no longer presented.

See Note 12 of the Notes to the Consolidated Financial Statements for financial information about foreign and domestic operations.

### Results of operations

#### *Revenue*

Revenue is derived from sales of our advanced lighting products. These products consist of solid-state LED replacement lamps, lighting systems and controls, as well as conventional lighting fixtures. Revenue is subject to both quarterly and annual fluctuations and is impacted by the timing of individually large orders as well as delays in product orders or changes to the timing of shipments or deliveries. We recognize revenue upon shipment or delivery to our customers in accordance with the respective contractual arrangements. We recognize revenue from fixed-price and modified fixed-price contracts for turnkey energy conservation projects using the percentage-of-completion method of accounting. The majority of our sales are to the North American market (which includes Canada, but excludes Mexico for our purposes), and we expect that region to continue to be a major source of revenue for us. However, we also derive a portion of our revenue from customers outside of the North American market. Substantially all of our revenue is denominated in U.S. dollars.

#### *Cost of Goods Sold*

Our cost of goods sold consists primarily of purchased components and products from our contract manufacturers and manufacturing-related overhead such as depreciation, rent and utilities. In addition, our cost of goods sold includes provisions for excess and obsolete inventory, inbound freight costs and other indirect costs of sale. We source our manufactured products based on sales expectations and customer orders.

#### *Gross Profit*

Our gross profit has been and will continue to be affected by a variety of factors, including average sales prices of our products, product mix, our ability to reduce manufacturing costs and fluctuations in the cost of our purchased components. We sometimes use the term of direct gross margin which we define as revenue less direct material costs.

#### *Operating Expenses*

Operating expenses consist primarily of salaries and associated costs for employees in sales, engineering, finance, and administrative activities. In addition, operating expenses include charges relating to accounting, legal, insurance and stock-based compensation.

#### *Summary of Results*

For the year ended December 31, 2015, the Company reported revenues of \$129.7 million and a net loss of \$2.4 million, compared to revenues of \$76.8 million and a net loss of \$5.2 million for the corresponding period in 2014 and revenues of \$26.1 million and a net loss of \$16.8 million for the corresponding period in 2013. The 2015 results reflect the acquisitions of E-Lighting and Energy Source from their respective dates of acquisition; the 2014 results reflect the acquisition of Value Lighting and All Around from their respective dates of acquisition; and the 2013 results reflect the acquisitions of Relume and Tri-State from their respective dates of acquisition. The Company's reported net losses for the years ended December 31, 2015, 2014 and 2013 included the following:

(in millions)	2015	2014	2013
Acquisition, severance and transition costs	\$ (2.0)	\$(2.5)	\$ (3.5)
Amortization and depreciation	(4.9)	(5.6)	(3.1)
Stock-based compensation cost	(2.7)	(1.7)	(0.8)
Change in fair value of embedded derivatives	—	—	(7.0)
Gain on bargain purchase of business	—	—	0.7
Interest expense and other bank charges	(1.4)	(0.8)	(0.1)
Deferred income tax benefit	—	6.6	—
Total	<u>\$(11.0)</u>	<u>\$(4.0)</u>	<u>\$(13.8)</u>

## [Table of Contents](#)

In connection with the acquisitions in 2014, the Company recorded net deferred tax liabilities of \$6.6 million, primarily resulting from the recognition of amortizable intangible assets at the date of acquisition. These net deferred tax liabilities can be used to reduce net deferred tax assets for which the Company had provided a valuation allowance. Accordingly, the valuation allowance has been reduced by a corresponding amount during the year ended December 31, 2014.

A significant portion of our 2015 and 2014 revenue is from acquisitions consummated during those years. On a pro forma basis, after giving effect to the acquisitions as if they had been consummated on January 1, 2014, revenues for the year ended December 31, 2015 increased by \$22.6 million, or 20%, to \$138.5 million from \$115.9 million for the year ended December 31, 2014.

### *Revenue*

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Total revenue	\$129,656	\$76,840	\$26,060

### *Fiscal 2015 compared with fiscal 2014*

Total revenue for the year ended December 31, 2015 increased 69%, or \$52.9 million, to \$129.7 million as compared to \$76.8 million for the year ended December 31, 2014. Of this increase, \$16.3 million results from the 2015 acquisitions (See Note 2 of the Notes to the Consolidated Financial Statements). The remaining \$36.6 million increase reflects organic growth of 18% due to strong LED sales and the full-year effect of the 2014 acquisitions of Value and All-Around.

### *Fiscal 2014 compared with fiscal 2013*

Total revenue for the year ended December 31, 2014 increased 195%, or \$50.7 million, to \$76.8 million as compared to \$26.1 million for the year ended December 31, 2013. Of this increase, \$46.2 million results from the 2014 acquisitions (see Note 2 of the Notes to the Consolidated Financial Statements). The remaining increase primarily reflects the full-year effect of the 2013 acquisitions of Relume and Tri-State, partially offset by the 2013 impact of the fulfillment of several large orders from a group of related customers that did not recur in 2014.

### *Profit and Cost of Goods Sold*

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Revenue	\$129,656	\$76,840	\$26,060
Cost of sales	86,366	52,617	16,108
Gross profit	\$ 43,290	\$24,223	\$ 9,952
Gross margin %	33.4%	31.5%	38.2%

### *Fiscal 2015 compared with fiscal 2014*

Gross profit for the year ended December 31, 2015 was \$43.3 million, or 33.4% of revenue, as compared to gross profit of \$24.2 million, or 31.5% of revenue, for the corresponding period of 2014. The increase in gross margin percentage reflects the impact of the acquisitions noted above from their respective dates of acquisition and the continued effort of the sourcing team to leverage increased volume to reduce cost.

### *Fiscal 2014 compared with fiscal 2013*

Gross profit for the year ended December 31, 2014 was \$24.2 million, or 31.5% of revenue, as compared to gross profit of \$10 million, or 38.2% of revenue, for the corresponding period of 2013. The increase in gross profit reflects the impact of the acquisitions noted above from their respective dates of acquisition. The 2013 results reflect the revenue and margin impact of several large, non-recurring orders.

## [Table of Contents](#)

### *Operating Expenses*

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Operating expenses:			
Selling, general and administrative			
Acquisition, severance and transition costs	\$ 1,950	\$ 2,488	\$ 3,541
Amortization and depreciation	4,868	5,644	3,122
Stock-based compensation	2,719	1,711	809
Other selling, general and administrative	<u>32,179</u>	<u>23,204</u>	<u>11,193</u>
	41,716	33,047	18,665
Research and development	<u>2,475</u>	<u>2,076</u>	<u>1,809</u>
Total operating expenses	<u>\$ 44,191</u>	<u>\$ 35,123</u>	<u>\$ 20,474</u>

#### *Fiscal 2015 compared with fiscal 2014*

Selling, general and administrative (“SG&A”) expenses were \$41.7 million for the year ended December 31, 2015 as compared to \$33.0 million for the same period in 2014, an increase of \$8.7 million, or 26%. This results from the 2015 acquisitions of E-Lighting and Energy Source, and the full-year effect of the 2014 acquisitions of Value Lighting and All Around. As a percentage of net sales, SG&A, decreased from 43% during 2014 to 32% during 2015, as increased revenue enabled the Company to realize economies of scale. We incurred non-cash amortization and depreciation of \$4.9 million for the year ended December 31, 2015, a decrease of \$0.8 million over the same period in 2014, primarily due to additional amortization recognized in 2014 for our short-lived intangible assets associated with our Value Lighting acquisition.

Research and development costs increased \$0.4 million, or 19%, to \$2.5 million during the year ended December 31, 2015, compared to the same period in 2014, reflecting our continued commitment to the development of high-quality LED technology.

#### *Fiscal 2014 compared with fiscal 2013*

SG&A expenses, were \$33.0 million for the year ended December 31, 2014 as compared to \$18.7 million for the same period in 2013, an increase of \$14.3 million, or 77%. This results from the 2014 acquisitions of Value Lighting and All Around, and the full-year effect of the 2013 acquisitions of Tri-State and Relume. As a percentage of net sales, SG&A expenses decreased from 72% during 2013 to 43% during 2014, as increased revenue enables the Company to realize economies of scale. We incurred non-cash amortization and depreciation of \$5.6 million for the year ended December 31, 2014, an increase of \$2.5 million over the same period in 2013, primarily due to the amortization of intangible assets acquired in the Value Lighting acquisition.

Research and development costs increased \$0.3 million, or 15%, to \$2.1 million during the year ended December 31, 2014, compared to the same period in 2013, reflecting our continued commitment to the development of high-quality LED technology.

### *Other Income and Expense*

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Change in fair value of embedded derivative	\$ —	\$ —	\$(6,990)
Gain on bargain purchase of business	—	—	743
Interest expense and other bank charges	<u>(1,481)</u>	<u>(830)</u>	<u>(52)</u>
Total other expense, net	<u>\$(1,481)</u>	<u>\$(830)</u>	<u>\$(6,299)</u>

## [Table of Contents](#)

For the year ended December 31, 2015 and 2014, the Company recorded interest expense and other bank charges of \$1.5 million and \$0.8 million, respectively, primarily related to borrowings under the Bank of America revolving credit facility and certain borrowings from RVL and its affiliates (see Notes 14 and 15 of the Notes to Consolidated Financial Statements).

In connection with the acquisition of the Elite business during the year ended December 31, 2013, we recognized a bargain purchase gain of \$0.7 million. See Note 2 of the Notes to Consolidated Financial Statements.

The change in fair value relates to the embedded conversion feature on the Series E Preferred Stock. See Note 7 of the Notes to Consolidated Financial Statements. The Series E Preferred Stock is no longer outstanding as of December 31, 2014.

### *Income Tax*

A tax benefit of \$6.6 million was recognized in 2014. In connection with the 2014 acquisitions, we recorded deferred tax liabilities in this amount, primarily resulting from the recognition of amortizable intangible assets at the dates of acquisition. These net deferred tax liabilities can be used to reduce net deferred tax assets for which the Company provided a valuation allowance; accordingly, the valuation allowance has been reduced by a corresponding amount. No income tax benefit was recorded for the years ended December 31, 2015 and 2013 since the tax benefits of the losses incurred were offset by a corresponding increase in the related deferred tax valuation allowance.

### *Net Loss*

(in thousands, except per share data)	Year Ended December 31,		
	2015	2014	2013
Net loss	\$(2,382)	\$ (5,180)	\$(16,821)
Net loss attributable to common stockholders	(2,382)	(12,845)	(20,471)
Basic and diluted loss per common share applicable to common stockholders	(0.02)	(0.14)	(0.26)

Net loss attributable to common stockholders for the year ended December 31, 2014 includes the \$5.3 million effect of the Preferred Stock Exchange. See Notes 1 and 7 of the Notes to Consolidated Financial Statements.

Net loss attributable to common stockholders for the year ended December 31, 2014 and 2013 includes the effects of the accretion to redemption value of the Series E and F Preferred Stock and accrual of preferred stock dividends. These amounts were greatly reduced in 2014 due to the June 2014 exchange of Series F Preferred Stock for Series G Preferred Stock, and the December Preferred Stock Exchange. See Notes 1 and 7 of the Notes to Consolidated Financial Statements.

Weighted average shares outstanding were 149.3 million, 92.2 million and 77.3 million for the years ended on December 31, 2015, 2014 and 2013, respectively.

## **LIQUIDITY, CAPITAL RESOURCES AND CASH FLOWS**

### *Liquidity and capital resources*

At December 31, 2015, we had cash and cash equivalents on hand of \$0.2 million and we estimate that we were eligible to borrow an additional \$2.6 million under our loan and security agreement with Bank of America, as described below, based upon the current levels of inventory and accounts receivable. During the years ended December 31, 2015, 2014 and 2013, we reported negative cash flow from operations of \$16.7 million, \$14.3 million and \$8.1 million, respectively. Negative operating cash flows during 2015 reflect our higher working capital investment to support our greatly expanded 2015 operations.

Cash flows during 2015 include net proceeds of \$9.5 million from the sale of 8.7 million shares of our common stock to a third party investor. The proceeds were used to fund the cash portion of the Energy Source acquisition. Cash flows during 2014 include net proceeds of \$8.6 million from an underwritten public offering of 8 million shares of our common stock. The proceeds were used for general corporate purposes.

During 2014, we received various loans from RVL and its affiliates aggregating \$18.1 million, of which \$10.6 million was used to pay the cash portion of the purchase price of Value Lighting. On June 30, 2014, \$12.6 million of outstanding principal and interest owed to RVL and its affiliates was exchanged for shares of our Series G Preferred Stock, including the amount borrowed to fund the cash portion of the purchase price of Value Lighting. On July 31, 2014, certain outstanding short-term loans and cash advances owed to RVL and its affiliates were consolidated into a longer-term note in the principal amount of \$5.7 million, due April 1, 2016. A portion of this note was repaid with proceeds from the Bank of America revolving credit facility (as described below), such that a balance of \$2.6 million remained outstanding under the note as of December 31, 2015, due April 1, 2017.

## Table of Contents

During 2014, the Company entered into a loan and security agreement with Bank of America to borrow up to \$25 million on a revolving basis, based upon specified percentages of eligible receivables and inventory. Borrowings under this facility were \$22.0 million as of December 31, 2015, an increase of \$13.3 million during 2015. The Loan Agreement contains covenants which limit the ability of the Company to, among other things, (i) create, incur, guarantee or suffer to exist any indebtedness; (ii) create or suffer any lien upon any property; (iii) declare or make distributions to equity holders or create any restriction on the ability of a subsidiary to make such a distribution; (iv) make investments; (v) sell, lease, license, consign or otherwise dispose of any property; (vi) make loans or other advances of money to any person; (vii) make payments on certain indebtedness; and (viii) enter into transactions with affiliates. In addition, the Loan Agreement includes financial covenants that, on a consolidated basis, requires the Company to maintain, for the most recent twelve fiscal months, a ratio of (i) EBITDA minus Capital Expenditures (as defined in the Loan Agreement) and cash taxes paid to (ii) Fixed Charges (as defined in the Loan Agreement), of not less than 1.1 to 1.0, and a ratio of (i) Senior Debt (as defined in the loan agreement) to (ii) EBITDA of not more than 3.5 to 1.0. We are in compliance with our covenants and obligations under the facility.

On December 1, 2014, we converted all outstanding series of preferred stock, including accrued but unpaid dividends thereon, to an aggregate of 36,300,171 shares of our unregistered common stock (the "Preferred Stock Exchange"). All rights relating to the preferred stock were extinguished as a result of the transaction, accordingly we have been relieved of the ongoing obligation to pay dividends on preferred stock.

At December 31, 2015, the Company had positive working capital of \$25.9 million, compared to positive working capital at December 31, 2014 of \$18.8 million. The increase in working capital is the result of investment needed to support the greatly expanded business. Significant balance sheet changes during 2015 were primarily the result of the 2015 acquisitions and increases in business volume.

While the Company generated negative cash flows from operations in the full fiscal year 2015, it did achieve positive cash flows from operations in the fourth quarter of 2015 and the Company believes it has adequate resources to meet its cash requirements in the foreseeable future.

Although we have realized revenues of \$129.7 million during the year ended December 31, 2015 and positive earnings and cash flow in the fourth quarter, we face challenges in order to maintain profitability, and there can be no assurance that we will sustain positive cash flows from operations and profitability in future periods. Our ability to meet our obligations in the ordinary course of business is dependent upon our ability to maintain profitable operations, maintain our revolving credit facility, or raise additional capital. Additional capital could take the form of public or private debt, equity financing, other sources of financing to fund operations, or the support of our controlling stockholder. There can be no assurance such financing will be available on terms acceptable to us or that any financing transaction will not be dilutive to our current stockholders.

In addition, to accelerate the growth of our operations in response to new market opportunities or to acquire other technologies or businesses, we may need to raise additional capital. Additional capital may come from several sources, including the issuance of additional common stock, preferred stock, debt (whether convertible or not) or other securities. Increased indebtedness could negatively affect our liquidity and operating flexibility. The issuance of any additional securities could, among other things, result in substantial dilution of the percentage ownership of our stockholders at the time of issuance, result in substantial dilution of our earnings per share, and adversely affect the prevailing market price for our common stock. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If additional funds become necessary and are not available on terms favorable to us, or at all, we may be unable to expand our business or pursue an acquisition and our business, results of operations and financial condition may be materially adversely affected.

### *Cash Flows*

<u>(in thousands)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating activities	\$(16,689)	\$(14,303)	\$ (8,146)
Investing activities	(10,961)	(12,006)	(10,570)
Financing activities	<u>21,836</u>	<u>30,585</u>	<u>16,039</u>
Total	<u>\$ (5,814)</u>	<u>\$ 4,276</u>	<u>\$ (2,677)</u>

---

## Table of Contents

### *Fiscal 2015 compared with fiscal 2014*

While we generated positive cash flow from operations in the fourth quarter, net cash used in operating activities increased \$2.4 million, to \$16.7 million for the year ended December 31, 2015, as compared to \$14.3 million for the year ended December 31, 2014. Operating cash flows during 2015 reflect our higher working capital investment, particularly in accounts receivable and inventory, to support our greatly expanded 2015 operations.

Net cash used in investing activities decreased by \$1.0 million for the year ended December 31, 2015 as compared to the same period in 2014. The decrease in cash used in investing activities reflects \$10.5 million of cash used for acquisitions in the year ended December 31, 2015 compared to \$11.5 million in 2014.

Net cash provided by financing activities decreased by \$8.7 million for the year ended December 31, 2015 as compared to the same period in 2014 primarily due to net proceeds of related party loans received in 2014, partially offset by increased borrowings from the revolving credit facility in 2015.

### *Fiscal 2014 compared with fiscal 2013*

Net cash used in operating activities increased \$6.2 million, to \$14.3 million for the year ended December 31, 2014, as compared to \$8.1 million for the year ended December 31, 2013. Operating cash flows during 2014 reflect our higher working capital investment, particularly in accounts receivable, to support our greatly expanded 2014 operations.

Net cash used in investing activities increased by \$1.4 million for the year ended December 31, 2014 as compared to the same period in 2013. The increase in cash used in investing activities reflects \$11.5 million of cash used for acquisitions in the year ended December 31, 2014 compared to \$10.4 million in 2013.

Net cash provided by financing activities increased by \$14.5 million for the year ended December 31, 2014 as compared to the same period in 2013. This increase includes the net proceeds from a public offering of our common stock, borrowings against our new revolving credit facility, and related-party loans received during 2014.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

We use certain accounting policies and procedures to manage changes that occur in our business environment that may affect accounting estimates made in preparation of our financial statements. These estimates relate primarily to our allowance for doubtful accounts receivable, reserve for product returns, provision for inventories, warranties and product liability, revenue recognition, stock-based compensation, goodwill, intangible assets, income taxes and purchase price allocation.

Revenue recognition – We recognize revenue for our products upon shipment or delivery to customers in accordance with the respective contractual arrangements, provided no significant obligations remain and collection is probable. For sales that include customer acceptance terms, revenue is recorded after customer acceptance. It is our policy that all sales are final. Requests for returns are reviewed on a case by case basis. As revenue is recorded, we accrue an estimated amount for product returns as a reduction of revenue.

The Company recognizes revenue from fixed-price and modified fixed-price contracts for turnkey energy conservation projects using the percentage-of-completion method of accounting. The percentage-of-completion is computed by dividing the actual incurred cost to date by the most recent estimated total cost to complete the project. The computed percentage is applied to the expected revenue for the project to calculate the contract revenue to be recognized in the current period. This method is used because management considers total cost to be the best available measure of progress on these contracts. Contract costs include all direct material and labor costs and indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

The Company has elected to record sales tax revenue on a gross basis (included in revenues and costs).

Accounts Receivable and Bad Debts - Our strategy for managing doubtful accounts includes centralized credit policies and collection procedures for all customer accounts. We use a credit risk rating system in order to measure the quality of individual credit transactions. We strive to identify potential problem receivables early, take appropriate collection actions, and maintain adequate reserve levels. As revenue is recorded, we accrue an estimated amount for product returns as a reduction of revenue. Our estimate for product returns is based on our historical return experience and our expectation of future returns. We believe that our allowance for doubtful accounts and reserve for product returns were adequate at December 31, 2015 and 2014.

Inventory Provisions - Our strategy for providing for inventory obsolescence includes the evaluation of existing inventory usage and realizable value. We believe that our provision for inventory obsolescence is adequate at December 31, 2015 and 2014.

---

## Table of Contents

Warranties and product liability - Our products typically carry a warranty that ranges from one to ten years and includes replacement of defective parts. A warranty reserve is recorded for the estimated costs associated with warranty expense related to recorded sales, which is included within accrued liabilities. The estimate is based on historical experience. If future experience proves to be different from historical experience, we may need to increase or decrease the reserve.

Stock-based Compensation - We account for stock-based compensation under the provisions of FASB ASC 718 "Compensation-Stock Compensation". Under the fair value recognition provisions of this statement, share-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the requisite service period, which is typically the vesting period. Determining the fair value of share-based option awards at the grant date requires judgment, including estimating volatility and expected lives. In addition, judgment is also required in estimating the amount of share-based awards that are expected to be forfeited. If actual results differ significantly from our estimates, our results of operations could be materially impacted.

Purchase Price Allocation - Valuations of acquired businesses require us to make significant estimates, which are derived from information obtained from the management of the acquired businesses, our business plans for the acquired businesses or intellectual property and other sources. Critical assumptions and estimates used in the initial valuation of goodwill and other intangible assets include, but are not limited to:

- Assessments of appropriate valuation methodologies in the circumstances;
- Future expected cash flows from product sales, customer contracts and acquired developed technologies, patents and other intellectual property;
- Expected costs to complete any in process research and development projects and commercialized viable products and estimated cash flows from the sales of such products;
- The acquired company's brand awareness and market position;
- Assumptions about the period of time over which we will continue to use the acquired brand and intangible assets; and
- Discount rates.

The estimates and assumptions may not materialize because unanticipated events and circumstances may occur. If estimates and assumptions used to initially value goodwill and intangible assets prove to be different from actual results, ongoing reviews of the carrying values of such goodwill and intangible assets may indicate impairment, which will require us to record an impairment charge in the period in which it is identified.

Goodwill and Intangible Assets - We record goodwill as the excess of purchase price over the fair value of the identifiable net assets acquired. FASB ASC 350 "Intangibles – Goodwill and Other" ("ASC 350"), prescribes a two-step process for annual impairment testing of goodwill. The first step tests for impairment, while the second step, if necessary, measures the impairment. Step one compares the fair value of our reporting unit to its carrying amount. If the fair value of the reporting unit is greater than its carrying amount, there is no impairment. If the reporting unit's carrying amount exceeds its fair value, then the second step must be completed to measure the amount of impairment, if any. Step two calculates the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value of the reporting unit as calculated in step one. In this step, the fair value of the reporting unit is allocated to all of the reporting unit's assets and liabilities in a hypothetical purchase price allocation as if the reporting unit had been acquired on that date. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss will be recognized in an amount equal to the excess. Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, strategic plans, future market conditions, cash flows and discount rates, among others. There can be no assurance that our estimates and assumptions made for purposes of the goodwill impairment testing will prove to be accurate predictions of the future. If our assumptions regarding forecasted revenue or margin growth rates are not achieved or changes in strategy or market conditions occur, we may be required to record goodwill impairment charges in future periods. Due to the change in reportable segments in 2015, at October 1, 2015, the Company had one reporting unit for goodwill impairment testing purposes.

Income Taxes - We have recorded net deferred tax assets, before valuation allowance, of \$5.1 million at December 31, 2015, including the tax benefits of net operating loss carryforwards aggregating \$11.1 million. We evaluate the adequacy of the valuation allowance annually and, if its assessment of whether it is more likely than not that the related tax benefits will be realized changes, the valuation allowance will be increased or reduced with a corresponding benefit or charge included in income. Management evaluated the adequacy of the valuation allowance at December 31, 2015 in light of the historical results of operations and concluded that a full valuation allowance for net deferred tax assets was required. In connection with the acquisitions of Value Lighting and All Around in 2014, we recorded deferred tax liabilities of \$6.6 million. These net deferred tax liabilities were used to reduce net deferred tax assets and accordingly, we reduced our valuation allowance by this amount during 2014.

At December 31, 2015, we have U.S. Federal net operating loss carryforwards of \$24.9 million, which may be used to reduce future taxable income. Utilization of net operating loss carryforwards is dependent on generating future taxable income of the appropriate

## Table of Contents

type and in the appropriate jurisdiction. In addition, as a result of transactions consummated during 2013 and 2012, including the issuance of common and preferred stock by the Company and the acquisitions of Seesmart and Relume, substantially all of our net operating loss carryforwards are subject to limitations imposed by Section 382 of the Internal Revenue Code. The determination of such limitations is complex and requires a significant amount of analysis and review of past transactions, including those related transactions involving acquired companies and their predecessors. During 2013 the Company performed an evaluation of the Section 382 limitations on the use of net operating loss carryforwards, and adjusted them accordingly. The Company has recognized a full valuation allowance related to its remaining net deferred tax assets, including the remaining net operating loss carryforwards.

Uncertain tax positions are recognized if we determine that it is more likely than not that a tax position will be sustained based on the technical merits of the position, on the presumption that the position will be examined by the appropriate taxing authority that would have full knowledge of all relevant information. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement.

## **CONTRACTUAL OBLIGATIONS**

The following table sets forth our contractual obligations at December 31, 2015:

(in thousands)	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Operating lease obligations	\$11,021	\$ 2,466	\$ 4,584	\$ 2,541	\$ 1,430
Purchase price obligations	8,803	7,039	1,764	—	—
Debt	37,377	10,360	27,017	—	—
Total	<u>\$57,201</u>	<u>\$ 19,865</u>	<u>\$33,365</u>	<u>\$ 2,541</u>	<u>\$ 1,430</u>

### Purchase Price Obligations

The amounts reflected in the table represent the discounted values of our estimates of amounts ultimately payable. We are obligated to pay \$8.4 million (undiscounted) assuming certain performance targets are met during 2015, 2016 and 2017, of which \$6.5 million may be paid in cash or common stock at our option. As a result of the 2014 acquisitions, we have issued 7,138,523 shares of common stock and we are obligated to issue an additional 2,929,669 shares in installments through December 2017. The table above includes \$1.2 million representing the fair value of the \$2 price floor attributed to 1,066,667 of these shares.

### Purchase Obligations

We are not a party to any significant long-term service or supply contracts. We generally do not enter into any long-term purchase commitments in the ordinary course of business.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

See Note 1 to the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K for information related to new accounting pronouncements that impact the Company.

## **OFF-BALANCE SHEET ARRANGEMENTS**

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our investors.



## Table of Contents

### QUARTERLY RESULTS OF OPERATIONS (Unaudited):

(in thousands, except per share data)	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Fiscal year ended December 31, 2015:				
Revenues	\$20,330	\$27,245	\$37,733	\$44,348
Gross profit	7,171	9,072	12,186	14,861
Net (loss) income	(2,046)	(1,488)	(285)	1,437
Net (loss) income attributable to common stockholders	(2,046)	(1,488)	(285)	1,437
Basic and diluted (loss) income per common share attributable to common stockholders (1)	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ 0.01</u>
Fiscal year ended December 31, 2014:				
Revenues	\$ 4,952	17,517	\$26,877	27,494
Gross profit	1,603	5,563	8,559	8,498
Net (loss) income	(3,570)	2,410	(1,404)	(2,616)
Net (loss) income attributable to common stockholders	(3,977)	1,100	(2,055)	(7,913)
Basic and diluted (loss) income per common share attributable to common stockholders (1)	<u>\$ (0.04)</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>	<u>\$ (0.07)</u>

- (1) The quarterly earnings per share information is computed separately for each period. Therefore, the sum of such quarterly per share amounts may differ from the total for the year.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

The Company is exposed to interest rate risk in connection with its variable-rate revolving credit facility pursuant to which it may borrow up to \$25.0 million. See Note 15 of the Notes to Consolidated Financial Statements.

The Company sells its products principally in the United States of America in US dollars and thus is not exposed to foreign currency risk.

The Company sources components from its providers from manufacturers in Asia in US dollars and is thus not exposed to foreign exchange risk directly.

#### **Item 8. Financial Statements and Supplementary Data**

The report of the independent registered public accounting firm and financial statements are filed as part of this Annual Report on Form 10-K. The following information appears in this Annual Report on Form 10-K beginning on page 41:

Report of Independent Registered Public Accounting Firm  
Consolidated Balance Sheets as of December 31, 2015 and 2014  
Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013  
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2015, 2014 and 2013  
Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013  
Notes to Consolidated Financial Statements

#### **Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure**

None

#### **Item 9A. Controls and Procedures**

The certifications of our principal executive officer and principal financial officer in accordance with Rule 13a-14(a) under the Exchange Act are attached as exhibits to this Annual Report on Form 10-K. The disclosures set forth in this Item 9A contain information concerning the evaluation of our disclosure controls and procedures, and changes in our internal control over financial reporting referred to in paragraph 4 of such certifications. Such certifications should be read in conjunction with this Item 9A for a more complete understanding of the matters covered by the certifications.

---

## Table of Contents

### (a) Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to ensure that information required to be disclosed in the reports we file under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer as appropriate, to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Furthermore, our controls and procedures can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control and misstatements due to error or fraud may occur and not be detected on a timely basis.

An evaluation was performed under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our management concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

### (b) Management's annual report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for our Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of our assets are made in accordance with management's authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Furthermore, our controls and procedures can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control and misstatements due to error or fraud may occur and not be detected on a timely basis.

Management conducted its evaluation of the effectiveness of our Company's internal controls over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and concluded that our Company's internal control over financial reporting was effective as of December 31, 2015.

In conducting the Company's evaluation of the effectiveness of its internal control over financial reporting, management determined that the internal control systems of E-Lighting and Energy Source, wholly owned subsidiaries effectively acquired on February 5, 2015 and August 5, 2015, respectively, would be excluded from its internal control assessment, as permitted by guidance issued by the Securities and Exchange Commission. Accordingly, as of and for the year ended December 31, 2015, internal control systems underlying to 14% of consolidated revenues and 6% of consolidated assets (excluding goodwill and identifiable intangible assets), have been excluded from management's evaluation of internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2015 has been audited by RSM US LLP, an independent registered public accounting firm, as stated in their attestation report, which is included below in Item 9A in this Annual Report.

### (c) Changes in internal controls

There was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

---

[Table of Contents](#)

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders  
Revolution Lighting Technologies, Inc.

We have audited Revolution Lighting Technologies, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

As described in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A, management has excluded DPI Management Inc. d/b/a E-Lighting ("E-Lighting") and Energy Source, LLC ("Energy Source") from its assessment of internal control over financial reporting as of December 31, 2015, because these entities were acquired by the Company in purchase business combinations in 2015. We have also excluded E-Lighting and Energy Source from our audit of internal control over financial reporting. E-Lighting and Energy Source are wholly owned subsidiaries whose revenues and total assets (excluding goodwill and identifiable intangible assets of 17%) represent 14% and 6%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2015.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

In our opinion, Revolution Lighting Technologies, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015, and our report dated March 10, 2016 expressed an unqualified opinion.

/s/ RSM US LLP

Stamford, Connecticut  
March 10, 2016

---

[Table of Contents](#)

**Item 9B. Other Information**

None

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item will be set forth in our definitive proxy or information statement to be filed with the Securities and Exchange Commission in connection with our 2016 annual meeting of stockholders and is incorporated herein by reference. Information relating to our Code of Business Conduct and Ethics and to compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, will be set forth in our definitive proxy or information statement relating to our 2016 annual meeting of stockholders and is incorporated herein by reference.

**Item 11. Executive Compensation**

The information required by this item will be set forth in our definitive proxy or information statement to be filed with the Securities and Exchange Commission in connection with our 2016 annual meeting of stockholders and is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item will be set forth in our definitive proxy or information statement to be filed with the Securities and Exchange Commission in connection with our 2016 annual meeting of stockholders and is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions and Director Independence**

The information required by this item will be set forth in our definitive proxy or information statement to be filed with the Securities and Exchange Commission in connection with our 2016 annual meeting of stockholders and is incorporated herein by reference.

**Item 14. Principal Accountant Fees and Services**

The information required by this item will be set forth in our definitive proxy or information statement to be filed with the Securities and Exchange Commission in connection with our 2016 annual meeting of stockholders and is incorporated herein by reference.

---

## Table of Contents

### **Item 15. Exhibits and Financial Statement Schedules**

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
2.1	Agreement and Plan of Merger, dated as of December 1, 2012, by and among, Revolution Lighting Technologies, Inc., Seesmart Acquisition Company, Inc., Seesmart Merger Company, LLC, Seesmart Technologies, Inc. and Ken Ames as the Stockholder Representative (incorporated by reference to our Current Report on Form 8-K filed December 6, 2012)+
2.2	Agreement and Plan of Merger, dated as of August 9, 2013, by and among, Revolution Lighting Technologies, Inc., Relume Acquisition Company, Inc., Relume Technologies, Inc. Beringea Invest Michigan, as noteholder representative and the Noteholders named therein (incorporated by reference to our Current Report on Form 8-K filed August 5, 2013)+
2.3	Agreement and Plan of Merger, dated as of March 6, 2014, by and among, Revolution Lighting Technologies, Inc., Value MergerSub, LLC, Value Lighting, Inc., AL Enterprises, Inc., Value Lighting of Houston, LLC and the Stockholders named therein (incorporated by reference from our Current Report on Form 8-K filed March 10, 2014)+
2.4	Membership Interest Purchase Agreement by and among Revolution Lighting Technologies – Energy Source, Inc., Energy Source, LLC, Michael H. Lemoi, Jr. and Ronald T. Sliney, dated as of August 5, 2015 (incorporated by reference to our Quarterly Report on Form 10-Q filed August 6, 2015)+
3.1	Amended and Restated Certificate of Incorporation, as amended (incorporated by reference to our Quarterly Report on Form 10-Q filed on August 6, 2015)
3.2	Amended and Restated Bylaws (incorporated by reference to our Current Report on Form 8-K filed on January 30, 2013)
10.1	Form of Indemnification Agreement (incorporated by reference to our Current Report on Form 8-K filed on November 16, 2012)++
10.2	2003 Stock Incentive Plan (incorporated by reference to our Definitive Proxy Statement filed April 16, 2004)++
10.3	Form of Warrant Agreement between Revolution Lighting Technologies, Inc. and Brett M. Kingstone (incorporated by reference to our Definitive Proxy Statement filed November 3, 2005)
10.4	Management Services Agreement, dated as of April 16, 2013, by and between the Company and Aston Capital LLC (incorporated by reference to our Annual Report on Form 10-K filed on April 16, 2013)
10.5	Investment Agreement, dated as of September 12, 2012, by and between Revolution Lighting Technologies, Inc. and RVL 1 LLC (incorporated by reference to our Current Report on Form 8-K filed September 17, 2012)
10.6	Termination and Exchange Agreement, dated as of September 12, 2012, by and between Revolution Lighting Technologies, Inc. and each holder of the Convertible Promissory Notes dated December 21, 2009 (incorporated by reference to our Current Report on Form 8-K filed September 17, 2012)
10.7	Registration Rights Agreement, dated as of September 25, 2012, by and between Revolution Lighting Technologies, Inc. and RVL 1 LLC (incorporated by reference to our Current Report on Form 8-K filed September 26, 2012)
10.8	Settlement and Patent License Agreement, dated as of August 1, 2012, by and between Revolution Lighting Technologies, Inc. and Koninklijke Philips Electronics N.V. (incorporated by reference to our Quarterly Report on Form 10-Q filed November 14, 2012)
10.9	Separation and General Release Agreement, dated as of January 25, 2013, by and between Revolution Lighting Technologies, Inc. and Michael A. Bauer (incorporated by reference to our Current Report on Form 8-K filed January 30, 2013)++
10.10	Investment Agreement, dated as of February 21, 2013, by and between Revolution Lighting Technologies, Inc. and RVL 1 LLC (incorporated by reference to our Current Report on Form 8-K filed February 22, 2013)

---

## Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
10.11	Transition, Separation and General Release Agreement, dated as of February 16, 2013, by and between Revolution Lighting Technologies, Inc. and Gary R. Langford (incorporated by reference to our Current Report on Form 8-K filed February 22, 2013)++
10.12	Investment Agreement, dated as of March 8, 2013, by and among Revolution Lighting Technologies, Inc., Great American Insurance Company, and Great American Life Insurance Company (incorporated by reference to our Current Report on Form 8-K filed March 14, 2013)
10.13	Form of Restricted Share Award Agreement (incorporated by reference to our Quarterly Report on Form 10-Q filed May 15, 2013)++
10.14	Revolution Lighting Technologies, Inc. 2013 Stock Incentive Plan, as amended (incorporated by reference to Annex A to the Company's Definitive Information Statement on Schedule 14C filed on April 21, 2015)++
10.15	Promissory Note dated as of February 25, 2014 between the Company and Aston Capital LLC (incorporated by reference to our Annual Report on Form 10-K filed March 14, 2014)
10.16	Promissory Note dated as of April 4, 2014 between the Company and Aston Capital LLC (incorporated herein by reference to our Current Report on Form 8-K filed April 23, 2014)
10.17	Promissory Note dated as of April 17, 2014 between the Company and RVL 1 LLC (incorporated herein by reference to our Current Report on Form 8-K filed April 23, 2014)
10.18	Exchange Agreement, dated June 30, 2014, by and among Revolution Lighting Technologies, Inc., RVL 1 LLC and Aston Capital, LLC. (incorporated by reference to our Current Report on Form 8-K filed July 3, 2014)
10.19	Exchange Agreement dated as of July 31, 2014 between the Company and Aston Capital LLC (incorporated by reference to our Current Report on Form 8-K filed August 4, 2014)
10.20	Promissory Note, dated as of July 31, 2014, by and between Revolution Lighting Technologies, Inc. and Aston Capital, LLC (incorporated by reference to our Current Report on Form 8-K filed August 4, 2014)
10.21	Loan and Security Agreement, dated as of August 20, 2014, as amended, among Revolution Lighting Technologies, Inc., Lumificient Corporation, Lighting Integration Technologies, LLC, Seesmart Technologies, LLC, Relume Technologies, Inc., Tri-State LED DE, LLC, Value Lighting, LLC, the Guarantors party thereto and Bank of America, N.A. (incorporated by reference to our Current Report on Form 8-K filed August 26, 2014)
10.22	Guaranty, dated as of August 20, 2014, by each of Revolution Lighting Technologies, Inc., Lumificient Corporation, Lighting Integration Technologies, LLC, Seesmart Technologies, LLC, Relume Technologies, Inc., Tri-State LED DE, LLC, Value Lighting, LLC, Seesmart, Inc., Envirolight LED, LLC, Sentinel System, LLC and Value Lighting of Houston, LLC, in favor of Bank of America, N.A. and the Secured Parties (incorporated by reference to our Current Report on Form 8-K filed August 26, 2014)
10.22 (a)	Consent and First Amendment to Loan and Security Agreement, dated as of September 29, 2014, among Revolution Lighting Technologies, Inc., Lumificient Corporation, Lighting Integration Technologies, LLC, Seesmart Technologies, LLC, Relume Technologies, Inc., Tri-State LED DE, LLC, Value Lighting, LLC, the Guarantors party thereto and Bank of America, N.A.*
10.22 (b)	Consent, Joinder and Second Amendment to Loan and Security Agreement, dated as of December 19, 2014, among Revolution Lighting Technologies, Inc., Lumificient Corporation, Lighting Integration Technologies, LLC, Seesmart Technologies, LLC, Relume Technologies, Inc., Tri-State LED DE, LLC, Value Lighting, LLC, All Around Lighting, L.L.C., the Guarantors party thereto and Bank of America, N.A.*
10.22 (c)	Third Amendment to Loan and Security Agreement, dated as of April 17, 2015, among Revolution Lighting Technologies, Inc., Lumificient Corporation, Lighting Integration Technologies, LLC, Seesmart Technologies, LLC, Relume Technologies, Inc., Tri-State LED DE, LLC, Value Lighting, LLC, All Around Lighting, L.L.C., the Guarantors party thereto and Bank of America, N.A.*

## Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
10.22 (d)	Consent and Fourth Amendment to Loan and Security Agreement, dated as of June 10, 2015, among Revolution Lighting Technologies, Inc., Lumificient Corporation, Lighting Integration Technologies, LLC, Seesmart Technologies, LLC, Relume Technologies, Inc., Tri-State LED DE, LLC, Value Lighting, LLC, All Around Lighting, L.L.C., the Guarantors party thereto and Bank of America, N.A.*
10.22 (e)	Consent, Joinder and Fifth Amendment to Loan and Security Agreement, dated as of August 5, 2015, among Revolution Lighting Technologies, Inc., Lumificient Corporation, Lighting Integration Technologies, LLC, Seesmart Technologies, LLC, Relume Technologies, Inc., Tri-State LED DE, LLC, Value Lighting, LLC, All Around Lighting, L.L.C., Energy Source, LLC, the Guarantors party thereto and Bank of America, N.A.*
10.22 (f)	Consent, Joinder and Sixth Amendment to Loan and Security Agreement, dated as of October 27, 2015, among Revolution Lighting Technologies, Inc., Lumificient Corporation, Lighting Integration Technologies, LLC, Seesmart Technologies, LLC, Relume Technologies, Inc., Tri-State LED DE, LLC, Value Lighting, LLC, All Around Lighting, L.L.C., Energy Source, LLC, Revolution Lighting – E-Lighting, Inc., the Guarantors party thereto and Bank of America, N.A.*
10.23	Pledge Agreement, dated as of August 20, 2014, by and among Revolution Lighting Technologies, Inc., the Borrowers listed on Schedule I thereto, the Guarantors listed on Schedule II thereto and Bank of America, N.A. (incorporated by reference to our Current Report on Form 8-K filed August 26, 2014)
10.24	Exchange Agreement, dated as of November 25, 2014, by and between Revolution Lighting Technologies, Inc. and RVL 1 LLC (incorporated by reference to our Current Report on Form 8-K filed November 26, 2014)
10.25	Investment Agreement, dated as of August 5, 2015, by and among Revolution Lighting Technologies, Inc., Great American Insurance Company, Great American Life Insurance Company and BFLT, LLC (incorporated by reference to our Quarterly Report on Form 10-Q filed August 6, 2015)
10.26	Registration Rights Agreement, dated as of August 5, 2015, by and among Revolution Lighting Technologies, Inc., Great American Insurance Company, Great American Life Insurance Company and BFLT, LLC (incorporated by reference to our Quarterly Report on Form 10-Q filed August 6, 2015)
10.27	Promissory Note dated August 5, 2015 issued by Revolution Lighting Technologies – Energy Source, Inc. to Michael H. Lemoi, Jr. (incorporated by reference to our Quarterly Report on Form 10-Q filed August 6, 2015)
10.28	Promissory Note dated August 5, 2015 issued by Revolution Lighting Technologies – Energy Source, Inc. to Ronald T. Sliney (incorporated by reference to our Quarterly Report on Form 10-Q filed August 6, 2015)
14	Code of Business Conduct and Ethics (incorporated by reference to our Annual Report on Form 10-KSB filed March 26, 2004)
21	Subsidiaries of Revolution Lighting Technologies, Inc. *
23.1	Consent of RSM US LLP, Independent Registered Public Accounting Firm*
31.1	Certifications by our chief executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certifications by our chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certifications by our chief executive officer and chief financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101**	The following financial statements from Revolution Lighting Technologies, Inc.’s Yearly Report on Form 10-K for the year ended December 31, 2015, filed on March 10, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations (iii) Consolidated Statements of Stockholders’ Equity (iv) Consolidated Statements of Cash Flows, (v) Notes to Consolidated Financial Statements

---

[Table of Contents](#)

- 
- \* Filed herewith
  - \*\* Submitted electronically with this Report pursuant to Rule 405 of Regulation S-T
  - + Revolution Lighting Technologies, Inc. hereby agrees to furnish a supplemental copy of any omitted schedule or similar attachment to this agreement to the Securities and Exchange Commission upon its request.
  - ++ Management contract or compensatory plan or arrangement.



---

[Table of Contents](#)

REVOLUTION LIGHTING TECHNOLOGIES, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	41
<a href="#">Consolidated Balance Sheets as of December 31, 2015 and 2014</a>	42
<a href="#">Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013</a>	43
<a href="#">Consolidated Statements of Stockholders' Equity for the years ended December 31, 2015, 2014 and 2013</a>	44-46
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013</a>	47
<a href="#">Notes to Consolidated Financial Statements</a>	48-67

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders  
Revolution Lighting Technologies, Inc.

We have audited the accompanying consolidated balance sheets of Revolution Lighting Technologies, Inc. and subsidiaries (the “Company”) as of December 31, 2015 and 2014, and the related consolidated statements of operations, stockholders’ equity and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Revolution Lighting Technologies, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Revolution Lighting Technologies, Inc. and subsidiaries’ internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 10, 2016 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

/s/ RSM US LLP

Stamford, Connecticut  
March 10, 2016

[Table of Contents](#)**REVOLUTION LIGHTING TECHNOLOGIES, INC.  
CONSOLIDATED BALANCE SHEETS**

(in thousands, except per share data)

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 219	\$ 6,033
Trade accounts receivable, less allowance for doubtful accounts of \$1,005 and \$108	41,132	23,779
Unbilled contract receivables	4,559	—
Inventories, less reserves of \$1,946 and \$1,669	22,135	13,673
Other current assets	3,830	3,157
Total current assets	71,875	46,642
Property and equipment:		
Machinery and equipment	1,083	1,004
Furniture and fixtures	726	263
Computers and software	644	598
Construction in process	43	251
Leasehold improvements	206	126
	2,702	2,242
Accumulated depreciation and amortization	(1,455)	(1,031)
Net property and equipment	1,247	1,211
Goodwill	64,267	42,991
Intangible assets, less accumulated amortization of \$12,849 and \$8,881	39,595	34,784
Other assets, net	651	914
	<u>\$177,635</u>	<u>\$126,542</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 19,908	\$ 11,573
Accrued compensation and benefits	3,388	2,281
Notes payable	10,360	360
Accrued and other current liabilities	5,329	7,371
Purchase price obligations - current	7,039	6,269
Total current liabilities	46,024	27,854
Revolving credit facility	22,026	8,760
Related party payable	2,565	2,565
Note payable	2,426	2,816
Purchase price obligations - noncurrent	1,764	6,086
Other liabilities	727	1,145
Total liabilities	75,532	49,226
Stockholders' Equity:		
Common stock, \$.001 par value, 200,000 shares authorized, 159,645 and 129,714 issued and outstanding at December 31, 2015 and 2014, respectively	160	130
Additional paid-in capital	176,616	149,477
Accumulated deficit	(74,673)	(72,291)
Total stockholders' equity	102,103	77,316
	<u>\$177,635</u>	<u>\$126,542</u>

*See accompanying notes to consolidated financial statements.*

[Table of Contents](#)**REVOLUTION LIGHTING TECHNOLOGIES, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

	Year Ended December 31,		
	2015	2014	2013
Revenues	\$129,656	\$ 76,840	\$ 26,060
Cost of sales	86,366	52,617	16,108
Gross profit	43,290	24,223	9,952
Operating expenses:			
Selling, general and administrative:			
Acquisition, severance and transition costs	1,950	2,488	3,541
Amortization and depreciation	4,868	5,644	3,122
Stock-based compensation	2,719	1,711	809
Other selling, general and administrative	32,179	23,204	11,193
Research and development	2,475	2,076	1,809
Total operating expenses	44,191	35,123	20,474
Operating loss	(901)	(10,900)	(10,522)
Other income (expense):			
Change in fair value of embedded derivative	—	—	(6,990)
Gain on bargain purchase of business	—	—	743
Interest expense and other bank charges	(1,481)	(830)	(52)
Total other expense, net	(1,481)	(830)	(6,299)
Loss before income taxes	(2,382)	(11,730)	(16,821)
Deferred income tax benefit	—	6,550	—
Net loss	(2,382)	(5,180)	(16,821)
Accretion of preferred stock to redemption value, beneficial conversion feature and discount	—	(919)	(2,290)
Accrual of preferred stock dividends	—	(1,445)	(1,360)
Deemed distribution on exchange of preferred stock	—	(5,301)	—
Net loss attributable to common stockholders	\$(2,382)	\$(12,845)	\$(20,471)
Basic and diluted loss per common share:			
Net loss per common share attributable to common stockholders – Basic and Diluted	\$ (0.02)	\$ (0.14)	\$ (0.26)
Weighted average shares outstanding – Basic and Diluted	149,297	92,158	77,317

*See accompanying notes to consolidated financial statements.*

[Table of Contents](#)

**REVOLUTION LIGHTING TECHNOLOGIES, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**Years Ended December 31, 2015, 2014 and 2013**

(in thousands, except per share data)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>	<u>Temporary Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balance January 01, 2013	21	\$10,880	70,213	\$ 70	\$ 60,036	\$ (50,290)	\$ 20,696	\$ —
Exercise of stock options	—	—	108	—	265	—	265	—
Stock-based compensation for employees	—	—	191	—	302	—	302	—
Stock-based compensation for non-employees	—	—	—	—	507	—	507	—
Issuance of Series F redeemable convertible preferred stock, net of issuance costs	—	—	—	—	—	—	—	4,999
Issuance of Series E redeemable convertible preferred stock, net of issuance costs	—	—	—	—	—	—	—	4,968
Accrual of dividends on convertible preferred stock	—	—	—	—	(1,360)	—	(1,360)	346
Embedded Conversion Liability	—	—	—	—	8,626	—	8,626	(1,637)
Issuance of Series D convertible preferred stock	1	62	—	—	—	—	62	—
Conversion of preferred stock to common stock	(12)	(1,006)	1,712	1	1,005	—	—	—
Accretion of Series E and F preferred stock to redemption value	—	—	—	—	(2,290)	—	(2,290)	2,290
Issuance of common stock for cash, net of issuance costs	—	—	4,348	5	5,064	—	5,069	—
Issuance of restricted common stock for services	—	—	1,084	1	(1)	—	—	—
Issuance of common stock for acquisition – Seesmart	—	—	1,993	2	1,293	—	1,295	—
Issuance of common stock for acquisition – Relume	—	—	2,174	2	7,303	—	7,305	—
Issuance of common stock for acquisition – Tri-State	—	—	272	1	809	—	810	—
Fees associated with issuances of common stock	—	—	—	—	(119)	—	(119)	—
Common stock to be issued	—	—	—	—	1,109	—	1,109	—
Net loss	—	—	—	—	—	(16,821)	(16,821)	—
Balance, December 31, 2013	10	9,936	82,095	82	82,549	(67,111)	25,456	10,966

## Table of Contents

(in thousands, except per share data)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity	Temporary Equity
	Shares	Amount	Shares	Amount				
Stock-based compensation for employees	—	—	—	—	840	—	840	—
Stock-based compensation for non-employees	—	—	—	—	(40)	—	(40)	—
Accretion of Series E preferred stock to redemption value	—	—	—	—	(19)	—	(19)	19
Accrual of dividends on convertible preferred stock	—	—	—	—	(1,445)	—	(1,445)	691
Issuance of dividends on Series C	—	1,028	—	—	(28)	—	1,000	—
Issuance of common stock for services	—	—	849	1	(1)	—	—	—
Issuance of preferred stock Series E	—	—	—	—	—	—	—	(56)
Issuance of common stock for cash, net of issuance costs	—	—	8,000	8	8,606	—	8,614	—
Cancellation of Series F preferred stock	—	—	—	—	—	—	—	(5,404)
Issuance of preferred stock Series G and accretion to redemption value	—	—	—	—	(900)	—	(900)	18,863
Forfeiture of restricted stock	—	—	(130)	—	—	—	—	—
Adjustment for shares issued for acquisition – Tri-State	—	—	(7)	—	—	—	—	—
Issuance of escrowed common stock for acquisition – Seesmart	—	—	575	1	373	—	374	—
Shares issued for acquisition – Value Lighting	—	—	2,032	2	(2)	—	—	—
Shares to be issued for acquisitions	—	—	—	—	22,737	—	22,737	—
Exchange of preferred stock for common stock	(10)	(10,964)	36,300	36	36,807	—	25,879	(25,079)
Net loss	—	—	—	—	—	(5,180)	(5,180)	—
Balance, December 31, 2014	—	—	129,714	130	149,477	(72,291)	77,316	—
Stock-based compensation for employees	—	—	1,588	2	1,892	—	1,894	—
Stock-based compensation for non-employees	—	—	—	—	297	—	297	—
Shares issued for contingent consideration – Tri-State	—	—	543	—	339	—	339	—
Shares issued for contingent consideration – Value Lighting	—	—	4,895	5	5,495	—	5,500	—

## Table of Contents

(in thousands, except per share data)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>	<u>Temporary Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Shares issued for acquisition – Value Lighting	—	—	4,573	5	(5)	—	—	—
Shares issued for acquisition – All Around	—	—	979	—	477	—	477	—
Issuance of common stock for cash, net of issuance costs	—	—	8,696	9	9,498	—	9,507	—
Shares issued for acquisition – Energy Source	—	—	8,820	9	9,693	—	9,702	—
Cancellation of reacquired escrowed common stock	—	—	(163)	—	(547)	—	(547)	—
Net loss	—	—	—	—	—	(2,382)	(2,382)	—
Balance, December 31, 2015	—	\$ —	159,645	\$ 160	\$176,616	\$ (74,673)	\$ 102,103	\$ —

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

**REVOLUTION LIGHTING TECHNOLOGIES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

	Year Ended December 31,		
	2015	2014	2013
<b>Cash Flows from Operating Activities:</b>			
Net loss	\$ (2,382)	\$ (5,180)	\$(16,821)
Adjustments to reconcile net loss to net cash used in operating activities:			
Deferred income tax benefit	—	(6,550)	—
Depreciation	550	495	263
Amortization of intangible and other assets	4,318	5,149	2,859
Stock-based compensation	2,719	1,711	809
Change in fair value of contingent consideration	864	1,419	88
Change in fair value of embedded derivative	—	—	6,990
Gain on bargain purchase of business	—	—	(743)
Changes in operating assets and liabilities, net of the effect of the acquisitions (Note 2):			
(Increase) in trade accounts receivable, net	(15,111)	(10,291)	(1,727)
(Increase) in unbilled contract receivables, net	(2,246)	—	—
(Increase) in inventories, net	(7,234)	(60)	(697)
(Increase) in other assets	(699)	(977)	(385)
Increase / (decrease) in accounts payable and other accrued liabilities	2,532	(19)	1,218
Net cash used in operating activities	<u>(16,689)</u>	<u>(14,303)</u>	<u>(8,146)</u>
<b>Cash Flows from Investing Activities:</b>			
Acquisitions of businesses, net of cash acquired	(10,499)	(11,521)	(10,437)
Purchase of property and equipment	(462)	(485)	(133)
Net cash used in investing activities	<u>(10,961)</u>	<u>(12,006)</u>	<u>(10,570)</u>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from issuance of common stock, net of issuance costs and other	8,960	8,614	4,950
Proceeds from issuances of preferred stock, net of issuance costs	—	(94)	9,964
(Repayments) proceeds from short-term borrowings and notes payable	(390)	(1,552)	860
Proceeds from revolving credit facility, net	13,266	8,760	—
Proceeds from loans from affiliates of controlling stockholder, net	—	14,857	—
Net proceeds from exercise of employee stock options and warrants	—	—	265
Net cash provided by financing activities	<u>21,836</u>	<u>30,585</u>	<u>16,039</u>
Net (decrease) increase in cash and cash equivalents	(5,814)	4,276	(2,677)
Cash and cash equivalents, beginning of period	6,033	1,757	4,434
Cash and cash equivalents, end of period	<u>\$ 219</u>	<u>\$ 6,033</u>	<u>\$ 1,757</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>			
Cash paid during period for interest	\$ 688	\$ 543	\$ 21
<b>Non-cash investing and financing activities:</b>			
Issuance of common stock for acquisitions	9,702	23,111	9,435
Issuance of promissory notes for acquisition	10,000	—	—
Contingent consideration for acquisitions	1,550	9,976	960
Issuance of common stock for contingent consideration	6,316	—	—
Deferred consideration for acquisition	350	—	—
Exchange of trade accounts payable for note	—	3,736	—
Issuance of Series D preferred stock for acquisition	—	—	62
Issuance of Series G preferred stock for extinguishment of note payable (\$12,600) and Series F preferred stock (\$5,400)	—	18,000	—
Conversion of preferred stock for common stock	—	36,843	1,006
Accrual of dividends on preferred stock	—	1,449	1,360
In-kind dividends on Series C preferred stock	—	1,000	—

See accompanying notes to consolidated financial statements.



---

[Table of Contents](#)

**REVOLUTION LIGHTING TECHNOLOGIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*December 31, 2015*

**1. Summary of Significant Accounting Policies:**

*Business* – Revolution Lighting Technologies, Inc. and its wholly-owned subsidiaries (“the Company”, “we”, “our”, “us”) design, manufacture, market and sell commercial grade light-emitting diode (“LED”) fixtures for outdoor and indoor applications, LED-based signage, channel-letter and contour lighting products, replacement lamps and high-performance, commercial grade smart grid control systems and provide turnkey comprehensive energy saving projects (principally LED fixtures and lamps). We sell these products under the RVL, Seesmart, Relume, Lumifluent, Value Lighting, Array and CMG brand names. Our products incorporate many proprietary and innovative features. Our product offerings and patented designs provide opportunities for significant savings in energy and maintenance costs without compromising the environment. We generate revenue by selling lighting products for use in the commercial and industrial, and government markets, which include vertical markets such as commercial and industrial, government, military, municipal, hospitality, institutional, educational, healthcare and signage markets. We market and distribute our products globally through networks of distributors, independent sales agencies and representatives, electrical supply companies, as well as internal marketing and sales forces.

The Company’s operations consist of one reportable segment for financial reporting purposes: Lighting Products and Solutions (principally LED fixtures and lamps). For each of the two years ended December 31, 2014, we reported two segments, Lighting Fixtures and Lamps, and Lighting Signage and Media. Due to changes in the management, organizational structure and internal reporting, our operations now comprise one reportable segment for financial reporting purposes, and therefore segment disclosures are no longer presented.

On April 17, 2014, the Company completed the acquisition of Value Lighting Inc. and certain of its affiliates (“Value Lighting”), a supplier of lighting solutions to the multifamily residential market. Value Lighting is headquartered in Marietta, Georgia with facilities in Marietta, Georgia; Dallas, Texas; Houston, Texas and Beltsville, Maryland.

On December 18, 2014, the Company completed the acquisition of All Around Inc. (“All Around”), a supplier of lighting fixtures. All Around is headquartered in Conroe, Texas.

On February 5, 2015, the Company acquired the assets of DPI Management, Inc. d/b/a E Lighting. E-Lighting is in Carrollton, Texas.

On August 5, 2015, the Company completed its acquisition of Energy Source, LLC (“Energy Source”), a provider of turnkey comprehensive energy savings projects (principally LED fixtures and lamps) within the commercial, industrial, hospitality, retail, education and municipal sectors. Energy Source is headquartered in Providence, Rhode Island.

*Liquidity* – At December 31, 2015, the Company had positive working capital of \$25.9 million, compared to positive working capital at December 31, 2014 of \$18.8 million.

While the Company generated negative cash flows from operations in the full fiscal year 2015, it did achieve positive cash flows from operations in the fourth quarter of 2015 and the Company believes it has adequate resources to meet its cash requirements in the foreseeable future.

On December 1, 2014, we exchanged all outstanding series of preferred stock, including accrued but unpaid dividends thereon, to an aggregate of 36,300,171 shares of our unregistered common stock (the “Preferred Stock Exchange”). All rights relating to the preferred stock were extinguished as a result of this transaction. Accordingly, we have been relieved of the ongoing obligation to pay dividends on preferred stock.

In August 2014, the Company entered into a loan and security agreement with Bank of America to borrow up to \$25 million on a revolving basis, based upon specified percentages of eligible receivables and inventory (“the Revolving Credit Facility”). In April 2015, our Chairman and Chief Executive Officer guaranteed \$5 million of borrowings under the Revolving Credit Facility, enabling us to borrow up to \$5 million in addition to the amount that is based upon receivables and inventory. This guarantee may be terminated under certain circumstances. Bank of America agreed to amend the Revolving Credit Facility to enable the Company to borrow up to \$30 million under certain conditions. As of December 31, 2015, the balance on the Revolving Credit Facility was \$22.0 million, with additional borrowing capacity of \$2.6 million.

We are in compliance with our covenants and obligations under the revolving credit facility as of March 1, 2016.

## Table of Contents

Although we realized revenues of \$129.7 million during the year ended December 31, 2015 and achieved positive earnings and positive cash flow from operations during the fourth quarter, we face challenges to maintain profitability, and there can be no assurance that we will sustain positive cash flows from operations or profitability. Our ability to meet our obligations in the ordinary course of business is dependent upon our ability to maintain profitable operations, maintain our revolving credit facility, or raise additional capital. Additional capital could take the form of public or private debt, equity financing, other sources of financing to fund operations, or the support of our controlling stockholder. There can be no assurance such financing will be available on terms acceptable to us or that any financing transaction will not be dilutive to our current stockholders.

In addition, to accelerate the growth of our operations in response to new market opportunities or to acquire other technologies or businesses, we may need to raise additional capital. Additional capital may come from several sources, including the issuance of additional common stock, preferred stock, debt (whether convertible or not) or other securities. Increased indebtedness could negatively affect our liquidity and operating flexibility. The issuance of any additional securities could, among other things, result in substantial dilution of the percentage ownership of our stockholders at the time of issuance, result in substantial dilution of our earnings per share, and adversely affect the prevailing market price for our common stock. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If additional funds become necessary and are not available on terms favorable to us, or at all, we may be unable to expand our business or pursue an acquisition and our business, results of operations and financial condition may be materially adversely affected.

Principles of consolidation – The consolidated financial statements include the accounts of Revolution Lighting Technologies, Inc. and its wholly owned subsidiaries. Significant inter-company accounts and transactions have been eliminated.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to revenue recognition, valuation of receivables and inventories, purchase price allocation of acquired businesses, impairment of long lived assets and goodwill, valuation of financial instruments, income taxes, and contingencies. Actual results could differ from those estimates.

Revenue recognition – The Company recognizes revenue from its product sales upon shipment or delivery to customers in accordance with the respective contractual arrangements, provided no significant obligations remain and collection is probable. For sales that include customer acceptance terms, revenue is recorded after customer acceptance. It is the Company's policy that all sales are final. Requests for returns are reviewed on a case by case basis. As revenue is recorded, the Company accrues an estimated amount for product returns as a reduction of revenue.

The Company recognizes revenue from fixed-price and modified fixed-price contracts for turnkey energy conservation projects using the percentage-of-completion method of accounting. The percentage-of-completion is computed by dividing the actual incurred cost to date by the most recent estimated total cost to complete the project. The computed percentage is applied to the expected revenue for the project to calculate the contract revenue to be recognized in the current period. This method is used because management considers total cost to be the best available measure of progress on these contracts. Contract costs include all direct material and labor costs and indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. The current asset "unbilled contract receivables" represents revenues in excess of amounts billed, which management believes will generally be billed within the next twelve months.

The Company records sales tax revenue on a gross basis (included in revenues and costs). For the years ended December 31, 2015, 2014 and 2013, revenues from sales taxes were \$4.5 million, \$2.7 million and \$0.5 million, respectively.

Warranties and product liability – The Company's products typically carry a warranty that ranges from one to ten years and includes replacement of defective parts. A warranty reserve is recorded for the estimated costs associated with warranty expense related to recorded sales, which is included within accrued liabilities. Changes in the Company's warranty liability for the years ended December 31, 2015, 2014 and 2013 are as follows:

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Warranty liability at January 1,	\$ 443	\$ 597	\$ 346
Warranty liability assumed in acquisitions	—	—	101
Revision of warranty estimate	(100)	(185)	—
Provisions for current year sales	233	196	348
Current year claims	(153)	(165)	(198)
Warranty liability at December 31,	<u>\$ 423</u>	<u>\$ 443</u>	<u>\$ 597</u>

## Table of Contents

*Fair value measurements* – The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820 “Fair Value Measurements and Disclosures” (“ASC 820”) defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1* - Quoted prices in active markets for identical assets or liabilities.

*Level 2* - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable.

*Level 3* - Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2015. The Company uses the market approach to measure fair value for its Level 1 financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The respective carrying value of certain balance sheet financial instruments approximates its fair value. These financial instruments include cash, trade receivables, related party payables, accounts payable, accrued liabilities and short-term borrowings. Fair values were estimated to approximate carrying values for these financial instruments since they are short term in nature and they are receivable or payable on demand.

The estimated fair value of assets and liabilities acquired in business combinations and reporting units and long-lived assets used in the related asset impairment tests utilize inputs classified as Level 3 in the fair value hierarchy. Based on the borrowing rates currently available to the Company for bank loans with similar terms and average maturities, the fair value of borrowings under our Revolving Credit facility and Notes payable are equal to the carrying value (see Note 15).

The Company determines the fair value of certain purchase price obligations on a recurring basis based on a probability-weighted discounted cash flow analysis and Monte Carlo simulation. The fair value remeasurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in the fair value hierarchy. In each period, the Company reassesses its current estimates of performance relative to the stated targets and adjusts the liability to fair value. Any such adjustments are included in Acquisition, severance and transition costs, a component of Selling, general and administrative expense in the Consolidated Statement of Operations. Changes in the fair value of purchase price obligations for the year ended December 31, 2015 were as follows:

(in thousands)	<b>2015</b>
Fair value, January 1	<u>\$12,355</u>
Fair value of contingent consideration issued during the period	1,800
Fair value of acquisition liabilities paid during the period	(6,566)
Change in fair value	<u>864</u>
Fair value, December 31	<u>\$ 8,453</u>

The following table presents quantitative information about Level 3 fair value measurements as of December 31, 2015:

(in thousands)	Fair Value at December 31, 2015	Valuation Technique	Unobservable Inputs
Earnout liabilities	\$ 7,231	Income approach	Discount rate – 15.5%
Stock distribution price floor	1,222	Monte Carlo simulation	Volatility – 60% Risk free rate – 1.2% Dividend yield – 0%
Fair value, December 31, 2015	<u>\$ 8,453</u>		

## Table of Contents

Derivative financial instruments – The Company does not use derivative instruments to hedge exposures to cash flow, market or foreign currency risk. Terms of convertible preferred stock and convertible promissory note instruments are reviewed to determine whether or not they contain embedded derivative instruments that are required to be accounted for separately from the host contract, and recorded on the balance sheet at fair value. The fair value of derivative liabilities is required to be revalued at each reporting date, with corresponding changes in fair value recorded in current period operating results.

Cash equivalents – Temporary cash investments with an original maturity of three months or less are considered to be cash equivalents.

Accounts receivable – Accounts receivable are customer obligations due under normal trade terms. The Company performs periodic credit evaluations of its customers' financial condition. The Company records an allowance for doubtful accounts based upon factors surrounding the credit risk of certain customers and specifically identified amounts that it believes to be uncollectible. Recovery of bad debt amounts previously written off is recorded as a reduction of bad debt expense in the period the payment is collected. If the Company's actual collection experience changes, revisions to its allowance may be required. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The following summarizes the changes in the allowance for doubtful accounts for the periods indicated.

(in thousands)	2015	2014	2013
Allowance for doubtful accounts at January 1,	\$ 108	\$ 210	\$ 57
Additions	1,260	350	170
Write-offs	(363)	(452)	(17)
Allowance for doubtful accounts at December 31,	<u>\$1,005</u>	<u>\$ 108</u>	<u>\$210</u>

Inventories – Inventories are stated at the lower of cost (first-in, first-out) or market. A reserve is recorded for any inventory deemed excessive or obsolete.

Property and equipment – Property and equipment are stated at cost or fair value if acquired as part of a business combination. Depreciation is computed by the straight-line method and is charged to operations over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred. The carrying amount and accumulated depreciation of assets sold or retired are removed from the accounts in the year of disposal and any resulting gain or loss is included in results of operations. The estimated useful lives of property and equipment are as follows:

	<u>Estimated useful lives</u>
Machinery and equipment	3-7 years
Furniture and fixtures	5-7 years
Computers and software	3-7 years
Motor vehicles	5 years
Leasehold improvements	Lesser of lease term or estimated useful life

Intangible assets and goodwill – Goodwill is not amortized, but is subject to annual impairment testing unless circumstances dictate more frequent assessments. The Company performs an annual impairment assessment for goodwill during the fourth quarter of each year and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than the carrying amount. Due to the change in reportable segments in 2015, at October 1, 2015, the Company had one reporting unit for goodwill impairment testing purposes. Goodwill impairment testing is a two-step process. Step one compares the fair value of the reporting unit to its carrying amount. The fair value of the reporting unit is determined by considering both the income approach and market approaches. The fair values calculated under the income approach and market approaches are weighted based on circumstances surrounding the reporting unit. Under the income approach, the Company determines fair value based on estimated future cash flows of the reporting unit, which are discounted to the present value using discount factors that consider the timing and risk of cash flows. For the discount rate, the Company relies on the capital asset pricing model approach, which includes an assessment of the risk-free interest rate, the rate of return from publicly traded stocks, the Company's risk relative to the overall market, the Company's size and industry and other Company specific risks. Other significant assumptions used in the income approach include the terminal value, growth rates, future capital expenditures and changes in future working capital requirements. The market approaches use key multiples from guideline

---

## Table of Contents

businesses that are comparable and are traded on a public market. If the fair value of the reporting unit is greater than its carrying amount, there is no impairment. If the reporting unit's carrying amount exceeds its fair value, then the second step must be completed to measure the amount of impairment, if any. Step two calculates the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value of the reporting unit as calculated in step one. In this step, the fair value of the reporting unit is allocated to all of the reporting unit's assets and liabilities in a hypothetical purchase price allocation as if the reporting unit had been acquired on that date. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to the excess.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, strategic plans and future market conditions, among others. There can be no assurance that the Company's estimates and assumptions made for purposes of the goodwill impairment testing will prove to be accurate predictions of the future. Changes in assumptions and estimates could cause the Company to perform an impairment test prior to the annual impairment test scheduled in the fourth quarter.

Long-lived assets – The Company evaluates the recoverability of its long-lived assets whenever events or changes in circumstances have indicated that an asset may not be recoverable. The long-lived asset is grouped with other assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows is less than the carrying value of the assets, the assets are written down to the estimated fair value.

Accrued rent – The Company accounts for certain operating leases containing predetermined fixed increases of the base rental rate during the lease term as rental expense on a straight-line basis over the lease term. The Company has reported the difference between the amounts charged to operations and amounts payable under the leases as a liability in the accompanying consolidated balance sheets.

Shipping and handling costs – Shipping and handling costs related to the acquisition of goods from vendors are included in cost of sales.

Research and development – Research and development costs to develop new products are charged to expense as incurred.

Advertising – Advertising costs, included in selling, general and administrative expenses, are expensed when the advertising first takes place. The Company promotes its product lines primarily through print media and trade shows, including trade publications, and promotional brochures. Advertising expenses were \$0.3 million for each of the years ended December 31, 2015, 2014 and 2013, respectively.

Income taxes – Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company applies the provisions of FASB ASC 740-10, "Accounting for "Uncertainty in Income Taxes", and has not recognized a liability pursuant to that standard. In addition, a reconciliation of the beginning and ending amount of unrecognized tax benefits has not been provided since there are no unrecognized benefits since the date of adoption. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

The Company evaluates the adequacy of the valuation allowance annually and, if its assessment of whether it is more likely than not that the related tax benefits will be realized changes, the valuation allowance will be increased or reduced with a corresponding benefit or charge included in income. Management evaluated the adequacy of the valuation allowance at December 31, 2015, 2014 and 2013 in light of the historical results of operations and concluded that a full valuation allowance for net deferred tax assets was required. In connection with the acquisitions in 2014, the Company recorded deferred tax liabilities of \$6.6 million. These net deferred tax liabilities can be used to reduce net deferred tax assets, and accordingly, the Company reduced its valuation allowance by this amount. No provision for income taxes has been recorded for the years ended December 31, 2015 and 2013 since the tax benefits of the losses incurred have been offset by a corresponding increase in the deferred tax valuation allowance.

Stock-based compensation – The Company recognizes the cost of employee or director services received in exchange for an award of equity instruments in the financial statements, which is measured based on the grant date fair value of the award. Stock-based compensation expense is recognized over the period during which an employee is required to provide service in exchange for the award (typically, the vesting period).

## Table of Contents

The Company values restricted stock awards to employees at the quoted market price on the grant date. The Company estimates the fair value of option awards issued under its stock option plans on the date of grant using a Black-Scholes option-pricing model that uses the assumptions noted below. The Company estimates the volatility of its common stock at the date of grant based on the historical volatility of its common stock. The Company determines the expected life based on historical experience with similar awards, giving consideration to the contractual terms, vesting schedules and post-vesting forfeitures. For shares that vest contingent upon achievement of certain performance criteria, an estimate of the probability of achievement is applied in the estimate of fair value. If the goals are not met, no compensation cost is recognized and any previously recognized compensation cost is reversed. The Company bases the risk-free interest rate on the implied yield currently available on U.S. Treasury issues with an equivalent remaining term approximately equal to the expected life of the award. The Company has never paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. No options were awarded in the years ended December 31, 2015 and 2013. For the year ended December 31, 2014, the Company computed expense for each group utilizing the following assumptions:

	<u>Year Ended December 31,</u> <u>2014</u>
Expected volatility	94.2%
Weighted-average volatility	94.2%
Risk-free interest rate	1.64%
Expected dividend yield	0%
Expected life in years	3.5 – 8.6

The Company from time to time enters into arrangements with non-employee service providers pursuant to which it issues restricted stock vesting over specified periods for time-based services. These arrangements are accounted for under the provisions of FASB ASC 505-50 "Equity-Based Payments to Non-Employees". Pursuant to this standard, the restricted stock is valued at the quoted price at the date of vesting. Prior to vesting, compensation is recorded on a cumulative basis based on the quoted market price at the end of the reporting period.

*Loss per share* – Basic loss per share is computed by dividing net loss attributable to common stockholders by the weighted average common shares outstanding for the period. Diluted loss per share is computed giving effect to all potentially dilutive common shares. Potentially dilutive common shares consist of incremental shares issuable upon the exercise of stock options and vesting of restricted shares and the conversion of outstanding convertible securities. In periods in which a net loss has been incurred, all potentially dilutive common shares are considered anti-dilutive and thus are excluded from the calculation.

In connection with the 2014 acquisitions (see Note 2), the Company is unconditionally obligated during 2015, 2016 and 2017 to issue an additional 2,929,669 shares of its common stock and 8,035,826 shares of its common stock as of December 31, 2015 and 2014, respectively. These potentially dilutive shares have been included in the 2015 and 2014 computation of basic and diluted earnings per share, respectively. Also in connection with the 2014 and 2015 acquisitions, the Company is contingently obligated to pay up to \$6.5 million as of December 31, 2015 and \$11.7 million as of December 31, 2014, or at its option, an equivalent amount of common shares based upon its then-current market value, assuming certain performance criteria have been met. These shares have been excluded from the 2015 and 2014 computation of diluted earnings per share because the effect would be antidilutive.

The Preferred Stock Exchange has been accounted for as provided in ASC S99-2, which states that in such an extinguishment of preferred stock, the difference between (1) the fair value of the consideration transferred to the holders of the preferred stock and (2) the carrying amount of the preferred stock in the Company's balance sheet, should be reflected in a manner similar to a dividend on preferred stock and subtracted from net income to arrive at income attributable to common shareholders in the calculation of earnings per share. Under this method, \$5.3 million has been subtracted from the Company's net loss to arrive at net loss attributable to common stockholders for the year ended December 31, 2014.

*Contingencies* – In the ordinary course of business, the Company may become a party to various legal proceedings generally involving contractual matters, infringement actions, product liability claims and other matters. The Company evaluates such matters in accordance with the criteria set forth in Accounting Standards Codification 450. Based upon such evaluation, at December 31, 2015 the Company is not a party to any pending legal proceedings which it believes to be material.

---

## Table of Contents

*Recent accounting pronouncements* – In May 2014, the Financial Accounting Standards Board issued the standard “Revenue from Contracts with Customers” which supersedes existing revenue recognition standards including most industry-specific revenue recognition guidance. In April 2015, the FASB deferred the effective date of the standard, making it effective for annual periods beginning after December 15, 2017. Early adoption is permitted on or after December 15, 2016. The Company has not determined the effect that this accounting pronouncement will have on its financial statements.

In August 2014, the FASB issued ASU No. 2014-15 (“ASU 2014-15”), Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. This ASU requires management to assess and evaluate whether conditions or events exist, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the financial statements issue date. The provisions of ASU 2014-15 are effective for annual periods beginning after December 15, 2016 and for annual and interim periods thereafter; early adoption is permitted. The adoption of ASU 2014-15 is not expected to have a material effect on our consolidated financial statements.

In January 2015, the FASB issued ASU No. 2015-01, Income Statement – Extraordinary and Unusual Items (Subtopic 225-20), which eliminates the accounting concept of extraordinary items for periods beginning after December 15, 2015. The adoption of this ASU is not expected to have a material effect on our consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, “Amendments to the Consolidation Analysis”, which modifies the criteria for evaluating whether certain legal entities should be consolidated. The provisions of the ASU are effective for fiscal periods beginning after December 15, 2015, however earlier adoption is permitted. The Company has adopted the ASU effective January 1, 2015, without material effect on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, “Simplifying the Presentation of Debt Issuance Costs”, which requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. In August 2015, the FASB issued ASU 2015-15, “Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements”, that allows an entity to defer and present debt issuance costs as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement. The provisions of the ASU are effective for periods beginning after December 15, 2015. The adoption of this ASU is not expected to have a material effect on our consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, “Simplifying the Measurement of Inventory”, which require an entity to measure inventory at the lower of cost and net realizable value. The provisions of the ASU are effective for periods beginning after December 15, 2016. The adoption of this ASU is not expected to have a material effect on our consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, “Simplifying the Accounting for Measurement-Period Adjustments”, that eliminates the requirement to restate prior period financial statements for measurement adjustments. The new guidance requires that the cumulative impact of a measurement period adjustment be recognized in the reporting period in which the adjustment is identified. The provisions of the ASU are effective for periods beginning after December 15, 2015. The adoption of this ASU is not expected to have a material effect on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases”, that requires lessees to recognize a right-of-use asset and a lease liability for virtually all of their leases. The standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018. The Company has not determined the effect that this accounting pronouncement will have on its financial statements.

## **2. Acquisitions:**

*Energy Source* – On August 5, 2015, the Company completed its acquisition of Energy Source, LLC (“Energy Source”), a provider of turnkey comprehensive energy savings projects (principally LED fixtures and lamps) within the commercial, industrial, hospitality, retail, education and municipal sectors. The purchase consideration aggregated \$31.5 million, which consisted of \$10 million in cash, \$9.7 million in common stock, \$10 million in promissory notes due at the one year anniversary of the acquisition and contingent consideration initially valued at \$1.8 million based on projected EBITDA during 2015, 2016 and 2017. The cash portion of the acquisition was funded through the issuance of 8,695,652 shares of common stock to a third party investor for \$10 million. The promissory notes are supported by an irrevocable letter of credit from RVL. The Company acquired Energy Source for its management team, its client base and operational and business development synergies.

## Table of Contents

The following amounts represent the determination of the fair value of identifiable assets acquired and liabilities assumed in the Energy Source acquisition:

(in thousands)	
Tangible assets	\$ 5,379
Goodwill	21,276
Intangible assets	<u>8,768</u>
Assets acquired	35,423
Liabilities assumed	<u>3,921</u>
Purchase price	<u>\$31,502</u>

The acquired intangible assets are being amortized consistent with the period the underlying cash flows are generated. Goodwill is expected to be deductible for income tax purposes.

*E-Lighting* – On February 5, 2015, the Company acquired the assets of DPI Management, Inc. d/b/a E Lighting for \$0.6 million. The purchase price consists of cash paid at closing of \$0.1 million, \$0.15 million paid in cash on September 1, 2015, \$0.15 million payable in cash on March 1, 2016, and \$0.2 million payable on September 1, 2016 in cash or common stock, at the Company's option. The aggregate purchase price of \$0.6 million was assigned to inventories.

*All Around* – On December 18, 2014, the company acquired All Around, a supplier of lighting fixtures, for \$5.0 million. The purchase price consisted of \$0.9 million cash, 1,600,000 unregistered shares of the Company's restricted common stock, and additional cash consideration if certain revenue targets are achieved in 2015 and 2016 (initially valued at \$0.3 million). The unregistered shares of restricted common stock have been valued at \$1.8 million, and are being issued in eleven installments beginning in June 2015. The shares are subject to a price floor of \$2.00 per share (initially valued at \$1.9 million), which will terminate when total share consideration received is equal to \$3.2 million. The aggregate purchase price of \$5.0 million has been allocated to \$1.7 million of tangible assets, \$2.2 million of identifiable intangible assets and \$2.8 million of goodwill, reduced by \$1.7 million of liabilities assumed. The acquired intangibles are being amortized consistent with the period the underlying cash flows are generated. The Company acquired All Around for its presence in the multifamily residential market and construction, the experience of the management team, its customer base, operational and business development synergies. Goodwill is not expected to be deductible for income tax purposes.

*Value Lighting* – On April 17, 2014, the Company completed the acquisition of Value Lighting, a supplier of lighting solutions to the multifamily residential market. The purchase consideration aggregated \$39.3 million and consisted of cash of \$10.6 million funded with a loan from an affiliate, an unconditional obligation to issue an aggregate of 8,468,192 shares of common stock in four installments at six, twelve, eighteen and twenty-four months from the acquisition date, valued at \$20.9 million, and contingent consideration payable in cash or common stock at the option of the Company aggregating up to a total of \$11 million, valued at \$7.8 million, if certain revenue and EBITDA targets are achieved by Value Lighting during 2014 and 2015. The Company acquired Value Lighting for its presence in the multifamily residential and construction markets, the experience of the management team, its customer base, operational and business development synergies.

The following amounts represent the determination of the fair value of identifiable assets acquired and liabilities assumed from the Value Lighting acquisition. The excess of the purchase price over the estimated fair value of the net tangible assets acquired was allocated to intangible assets of \$20.0 million and goodwill of \$18.6 million.

(in thousands)	
Current Assets	\$16,260
Goodwill	18,635
Intangible Assets	19,951
Other assets	<u>2,901</u>
Assets acquired	<u>57,747</u>
Accounts payable and other liabilities	12,613
Deferred income tax liability	<u>5,825</u>
Liabilities assumed	<u>18,438</u>
Purchase price	<u>\$39,309</u>



## Table of Contents

The acquired intangibles are being amortized consistent with the period the underlying cash flows are generated. Goodwill is not expected to be deductible for income tax purposes.

Value Lighting achieved its 2014 performance targets, and as a result, during the quarter ended March 31, 2015, the Company issued 4.9 million shares of its common stock (valued at \$5.5 million) in payment of the 2014 contingent purchase consideration. Value Lighting achieved its 2015 performance targets and earned \$5.5 million. Payment in common stock or cash, at the Company's option, is expected to be made by March 31, 2016.

*Other* – On March 8, 2013, LIT, a wholly owned subsidiary of the Company, acquired certain assets of Elite LED Solutions. The purchase resulted in a gain on bargain purchase of \$0.7 million in 2013.

*Pro forma information* – The following unaudited supplemental pro forma information assumes the Energy Source acquisition and the 2014 acquisitions referred to above had been completed as of January 1, 2014 and is not indicative of the results of operations that would have been achieved had the transactions been consummated on such date or of results that might be achieved in the future. The pro forma effect of the E-Lighting acquisition was not significant.

<u>(in thousands)</u>	<u>Year Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Revenues	\$138,524	\$115,900
Operating loss	\$ (1,223)	\$ (8,931)
Net loss	\$ (2,993)	\$ (4,063)

The pro forma results for the years ended December 31, 2015 and 2014, include the amortization of the customer backlog of \$0.4 million and \$2.4 million, respectively, and acquisition, severance and transition costs of \$2.0 million and \$2.5 million, respectively. The pro forma results for the year ended December 31, 2014 also include an income tax benefit of \$6.6 million. These non-recurring charges and credits are directly related to the acquisitions but do not have a continuing impact on the results of operations.

The revenue of the 2015 acquisitions included in the Company's 2015 actual results of operations from their respective acquisition dates through December 31, 2015 totaled \$16.3 million. The net income of the 2015 acquisitions included in the Company's 2015 actual results of operations from their respective acquisition dates through December 31, 2015 totaled \$2.9 million. The revenue of the 2014 acquisitions, included in the Company's 2014 actual results of operations from their respective acquisition dates through December 31, 2014 totaled \$46.2 million. The net income of the 2014 acquisitions, included in the Company's 2014 actual results of operations, from their respective acquisition dates through December 31, 2014 totaled \$1.6 million.

### 3. Inventories:

Inventories, which are primarily purchased from third parties, consist of the following:

<u>(in thousands)</u>	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Raw materials	\$ 3,789	\$ 3,895
Finished goods	<u>20,292</u>	<u>11,447</u>
	24,081	15,342
Less provision for obsolescence	<u>(1,946)</u>	<u>(1,669)</u>
Net inventories	<u>\$22,135</u>	<u>\$13,673</u>

## Table of Contents

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Inventory reserve at January 1,	\$1,669	\$1,708	\$ 1,669
Additions	1,087	179	1,644
Write offs	(810)	(218)	(1,605)
Inventory reserve at December 31,	<u>\$1,946</u>	<u>\$1,669</u>	<u>\$ 1,708</u>

#### 4. Intangible Assets:

At December 31, 2015, the Company had the following intangible assets subject to amortization:

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	\$ 268	\$ (177)	\$ 91
Trade names	14,981	(2,884)	12,097
Customer relationships	28,901	(4,488)	24,413
Customer contracts and backlog	4,822	(4,481)	341
Technology	1,953	(248)	1,705
Favorable lease	334	(140)	194
Non-compete agreements	1,113	(369)	744
Product certification and licensing costs	72	(62)	10
	<u>\$ 52,444</u>	<u>\$ (12,849)</u>	<u>\$ 39,595</u>

At December 31, 2014, the Company had the following intangible assets subject to amortization:

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	\$ 268	\$ (153)	\$ 115
Trade names	11,358	(1,280)	10,078
Customer relationships	24,455	(2,942)	21,513
Customer contracts and backlog	4,496	(4,038)	458
Technology	1,953	(196)	1,757
Favorable lease	334	(64)	270
Non-compete agreements	740	(151)	589
Product certification and licensing costs	61	(57)	4
	<u>\$ 43,665</u>	<u>\$ (8,881)</u>	<u>\$ 34,784</u>

Intangibles are amortized using the straight-line method over their estimated useful lives. Amortization expense during the years ended December 31, 2015, 2014 and 2013 is as follows:

(in thousands)	Estimated useful life	2015	2014	2013
Patents and trade names	12 to 17 years	\$ 939	\$ 688	\$ 388
Customer relationships	10 to 15 years	2,094	1,694	761
Customer contracts and backlog	1 to 3 years	443	2,425	1,613
Technology	10 years	195	129	67
Favorable Leases	10 years	77	61	3
Non-compete agreement	6 years	215	141	10
Product certification and licensing costs	3 years	5	11	17
Total		<u>\$3,968</u>	<u>\$5,149</u>	<u>\$2,859</u>

## [Table of Contents](#)

Amortization expense for intangible assets for the next 5 years is estimated as follows:

(in thousands)	2016	2017	2018	2019	2020
Patents	\$ 23	\$ 23	\$ 23	\$ 22	\$ —
Trade names	1,135	1,135	1,135	1,135	1,080
Customer relationships	2,267	2,267	2,200	2,166	2,166
Customer contracts and backlog	246	56	39	—	—
Technology	195	195	195	195	195
Favorable Leases	43	22	22	22	22
Non-compete agreement	283	222	171	68	—
Product certification and licensing costs	4	3	3	—	—
<b>Total</b>	<b>\$4,196</b>	<b>\$3,923</b>	<b>\$3,788</b>	<b>\$3,608</b>	<b>\$3,463</b>

### 5. Goodwill:

The changes in the carrying amount of goodwill for the years ended December 31, 2015 and 2014 are presented below:

(in thousands)	
Balance, January 1, 2014	\$21,498
Acquisitions	21,493
Balance, December 31, 2014	42,991
Acquisitions	21,276
Balance, December 31, 2015	\$64,267
Accumulated Balances:	
Goodwill	\$66,663
Accumulated impairment losses	(2,396)
Balance, December 31, 2015	\$64,267

During the fourth quarter of 2015, the Company performed step one of the impairment testing as described in Note 1 which indicated the fair value of its reporting unit exceeded the net carrying amount of the net assets of its reporting unit. Accordingly, step two was not performed.

### 6. Common Stock Transactions:

As of December 31, 2015, the Company had 159.6 million shares of its common stock outstanding, of which 84.2 million shares, or 52.8%, were beneficially owned by RVL and its affiliates.

On August 5, 2015, in connection with the Energy Source acquisition (see Note 2), the Company issued 8.8 million of its common shares, valued at \$9.7 million, to the sellers of Energy Source, and 8.7 million shares for \$9.5 million, net of expenses, to third party investors to fund the cash portion of the purchase price.

On May 11, 2015, the shareholders approved an amendment to the Company's Certificate of Incorporation to increase the authorized shares of common stock from 150,000,000 to 200,000,000.

## Table of Contents

On May 11, 2015, the shareholders approved a proposal to grant authority to the Board of Directors (the “Board”) to potentially conduct a reverse stock split (the “Split”), if and when the Board determines it is in the best interests of the Company and its shareholders to do so. Additionally, the Board was granted authority to determine the specific ratio at which to conduct the Split, within the range of 1-for-4 to 1-for-7 based upon then-current market conditions, or to abandon the Split if the Board determines that it is not in the best interests of the Company and its shareholders. On February 16, 2016 the Company filed a Schedule 14C Information Statement to inform shareholders of its intent to effect a reverse stock split of its Common Stock at a ratio of 1-for-10, as approved by the Board of Directors on February 3, 2016.

On December 1, 2014, the Company completed an underwritten public offering of 8 million shares of its common stock, at an offering price of \$1.25. Net proceeds of the offering approximated \$8.6 million, which was used for general corporate purposes.

On December 1, 2014, the Company completed the Preferred Stock Exchange, in which the Company exchanged all outstanding preferred stock, including accrued but unpaid dividends thereon, for 36,300,171 shares of unregistered common stock. All rights relating to the preferred stock were extinguished as a result of this transaction, and at December 31, 2014 the Company has no outstanding preferred stock. See Note 7 for additional information.

The Company has a Management Services Agreement (the “Management Agreement”) with Aston, an affiliate of RVL, under which Aston provides consulting services in connection with financing matters, budgeting, strategic planning and business development. On April 9, 2013, in consideration of the services provided, the Company issued 500,000 shares of restricted common stock to Aston, vesting in three equal annual increments, with the first such vesting date being September 25, 2013. On April 21, 2014, as compensation for management services provided, the Company granted 300,000 shares of restricted stock to Aston, which vest in three annual installments with the first such vesting date of September 25, 2014. The Audit Committee of the Board will consider from time to time (at a minimum at such times when the Compensation Committee of the Board evaluates director compensation) whether additional compensation to Aston is appropriate given the nature of the services provided.

Stock warrants – On September 9, 2005, the Company granted a 10-year warrant (“Kingstone Warrants”) for 289,187 shares of common stock at an exercise price of \$4.30 per share to Brett Kingstone. Mr. Kingstone was the Chief Executive Officer of the Company until December 31, 2005 and was the Chairman of the Board of the Company until March 11, 2009. The Kingstone Warrants expired in September 2015.

At December 31, 2015, the Company has reserved common stock for issuance in relation to the following:

Employee stock options and restricted stock	2,752,020
Shares to be issued for acquisitions	<u>2,929,669</u>
Total reserved shares	<u>5,681,689</u>

## **7. Preferred Stock**

The Company is authorized to issue up to 5,000,000 shares of preferred stock.

As a result of the December 1, 2014 Preferred Stock Exchange, all rights relating to the preferred stock were extinguished, and at December 31, 2015 the Company has no outstanding preferred stock.

Series C Convertible Preferred Stock – The Company previously designated 25,000 shares of preferred stock as Series C Convertible Preferred Stock, par value \$0.001 per share (the “Series C Preferred Stock”).

On December 20, 2012, the Company issued to RVL 10,000 shares of the Series C Preferred Stock, for cash of \$10 million, which was used to fund the Seesmart acquisition (Note 2) and for working capital purposes.

The Series C Preferred Stock was initially non-voting and non-convertible. The Series C Preferred Stock became voting and convertible into shares of the Company’s common stock effective May 15, 2013, following the Company’s compliance with the requirements of Rule 14c-2 of the Securities Exchange Act of 1934, as amended. Additionally RVL was given the right to appoint four members to the Company’s board of directors (the “Board”), with the size of the Board not to exceed seven members. RVL’s right to appoint four directors will decline proportionately to take into account subsequent material reductions in RVL’s ownership position in the Company.

---

## Table of Contents

Each share of Series C Preferred Stock carried a liquidation preference and was entitled to receive cumulative dividends payable at a rate per annum of 10% of the Series C Stated Value on the date of issuance (i.e. \$1,000). Such dividends were payable through the issuance of additional shares of Series C Preferred Stock on each anniversary of the date of issuance. Additionally, the Series C Preferred Stock shared ratably on an as-converted basis with the common stock in the payment of all other dividends and distributions. For the year ended December 31, 2013, the Company accrued dividends of \$1,014,000. On December 1, 2014, all outstanding shares of Series C Preferred were converted to common stock in the Preferred Stock Exchange.

Series D Convertible Preferred Stock – The Company previously designated 13,000 shares of preferred stock as Series D Convertible Preferred Stock, par value \$0.001 per share (the “Series D Preferred Stock”).

On December 20, 2012, the Company issued 11,177 shares of Series D Preferred Stock, and in the first quarter of 2013, the Company issued 738 shares of Series D Preferred Stock, as partial consideration in the Seesmart acquisition (Note 2). The Series D Preferred Stock had a liquidation preference of \$100 per share and shared ratably on an as-converted basis with the Company’s common stock in the payment of dividends and distributions. The Series D Preferred Stock was non-voting and was initially non-convertible. On May 15, 2013, all 11,915 shares of Series D Preferred Stock were automatically converted into 1,712,167 shares of common stock at a conversion price per share equal to \$0.6959 (the “Series D Conversion Price”).

Series E Redeemable Convertible Preferred Stock – The Company previously designated 10,000 shares of preferred stock as Series E Convertible Redeemable Preferred Stock, par value \$0.001 per share (the “Series E Preferred Stock”). On February 21, 2013, the Company issued to RVL 5,000 shares of Series E Preferred Stock for cash of \$5 million, which was used for working capital purposes. The Series E Preferred Stock was initially non-voting and non-convertible and became voting and convertible into shares of the Company’s common stock on May 15, 2013.

Each share of Series E Preferred Stock was entitled to receive cumulative dividends payable at a rate per annum of 5% of the Series E Stated Value then in effect. Additionally, the Series E Preferred Stock shared ratably on an as-converted basis with the common stock in the payment of all other dividends and distributions. For the year ended December 31, 2013, the Company accrued dividends of \$218,000.

In accordance with Accounting Standards Codification 480 (ASC 480), the Company classified the Series E Preferred Stock as temporary equity in the financial statements as it was subject to mandatory redemption at the option of the holder. The Company concluded that the Series E Preferred Stock is more akin to a debt-type instrument than an equity-type instrument. Accordingly the Series E Preferred Stock was accreted to the redemption amount in effect on the balance sheet date.

The embedded conversion feature was not deemed to be closely and clearly related to the debt-type host instrument and before the modification described below did not meet the requirements for classification as equity. Accordingly, it was accounted for as a liability at fair value with subsequent changes in fair value included in earnings. The change in fair value of the embedded derivative included in the statement of earnings was \$ 7.0 million were for the year ended December 31, 2013. On May 14, 2013, the host instrument was modified by eliminating certain provisions that prevented the embedded conversion feature from meeting the criteria for classification as equity. Accordingly, the fair value of the embedded conversion liability of \$8.6 million as of May 14, 2013 was reclassified to paid in capital.

On December 1, 2014, all outstanding shares of Series E Preferred were converted to common stock in the Preferred Stock Exchange described above.

Series F Redeemable Convertible Preferred Stock – The Company previously designated 10,000 shares of preferred stock as Series F Senior Convertible Redeemable Preferred Stock, par value \$0.001 per share (the “Series F Preferred Stock”).

On August 22, 2013, the Company issued to RVL 5,000 shares of Series F Preferred Stock for cash of \$5 million, which was used for working capital purposes.

Each share of Series F Preferred Stock was voting and carried a liquidation preference. It was redeemable for cash at the option of the Company, and convertible to either common stock or cash at the option of the holder. Additionally, it was entitled to receive dividends at a rate per annum equal to 7% of the Series F Stated Value then in effect. For the year ended December 31, 2013, the Company accrued Series F Dividends of \$129,000.

All outstanding shares of Series F preferred stock were redeemed in connection with the exchange of Series F preferred stock for Series G preferred stock described below. Following the redemption, the Series F preferred stock was cancelled in June 2014.

---

## Table of Contents

In accordance with Accounting Standards Codification 489 (“ASC 480”), the Company classified the Series F Preferred Stock as temporary equity in the financial statements as it was subject to mandatory redemption at the option of the holder. The Company concluded that the Series F Preferred Stock is more akin to a debt-type instrument than an equity-type instrument. Accordingly the preferred stock was accreted to the redemption amount in effect on the balance sheet date.

Series G Redeemable Convertible Preferred stock – The Company previously designated 18,000 shares of preferred stock as Series G Convertible Redeemable Preferred Stock, par value \$0.001 per share (the “Series G Preferred Stock”).

On June 30, 2014, the Company issued to RVL and its affiliate an aggregate of 18,000 shares Series G Preferred Stock as follows. The Company issued 10,956,000 shares in exchange for cancellation of the outstanding balance on the RVL Note (see Note 16), which aggregated \$10,956,000 including accrued and unpaid interest thereon. An additional 5,404 shares were issued in exchange for the 5,000 shares (including accrued and unpaid dividends thereon) of the Company’s outstanding Series F Preferred Stock, and 1,640 shares were issued to Aston in exchange for \$1,640,085, a portion of the outstanding balance on the February Note (see Note 15).

The Series G Preferred Stock carried a liquidation preference, and was voting and convertible into shares of the Company’s common stock at any time at the option of the holder at a conversion price equal to \$2.30. In accordance with ASC 480, the Company classified the Series G Preferred Stock as temporary equity in the financial statements as it was subject to mandatory redemption at the option of the holder.

Additionally, the Company had the option to redeem all or any part of the Series G Preferred Stock for cash at any time subject to the holder’s right to convert and require delivery of shares of common stock. For so long as shares of Series G Preferred Stock were outstanding, the Company was prohibited from taking certain actions specified in the Series G certificate of designations without the consent of a majority of the holders.

Each share of Series G Preferred Stock was entitled to receive cumulative dividends payable at a rate per annum of nine percent (9%) of the Series G Stated Value.

On December 1, 2014, all outstanding shares of Series G Preferred were converted to common stock in the Preferred Stock Exchange.

## **8. Stock-Based Compensation Plans:**

On September 18, 2003, the Company adopted a stock option plan (the “2003 Plan”) that provides for the grant of incentive stock options and nonqualified stock options. The option price of incentive stock options must be at least 100% of market value at the date of the grant and incentive stock options have a maximum term of 10 years. Options granted typically vest ratably over a three-year period or are based on achievement of performance criteria. The Company grants selected executives and other key employees share option awards, whose vesting is contingent upon meeting various departmental and company-wide performance goals including meeting sales targets and net profit targets. In March 2009, the Company amended the 2003 Plan to extend the post-service termination exercise period of non-statutory stock options granted to directors for their service to the Company as directors from three months after the director’s termination date to the tenth anniversary of the date of grant. The 2003 Plan does not contain any provisions which would trigger automatic vesting upon a change in control. The Board has determined that no further awards will be made pursuant to the 2003 Plan. As of December 31, 2015, options for 289,834 shares of common stock were vested and exercisable under the 2003 Plan, and 289,834 shares have been reserved for issuance under the 2003 Plan.

In May 2013, shareholders approved the 2013 Stock Incentive Plan (the “2013 Plan”). An aggregate of 6,000,000 shares of the Company’s common stock may be issued pursuant to the 2013 Plan, as amended, to officers, employees, non-employee directors and consultants of the Company and its affiliates. Awards under the plan may be in the form of stock options, which may constitute incentive stock options, or non-qualified stock options, restricted shares, restricted stock units, performance awards, stock bonus awards, share appreciation rights and other stock based awards. Stock options will be issued at an exercise price not less than 100% of the market value at the date of grant and expire no later than ten years after the date of grant. Stock awards typically vest over three years but vesting periods for non-employees may be longer or based on the achievement of performance goals.

Through December 31, 2015, the Company has issued 25,000 options, 2,706,664 restricted shares, net of forfeitures, and 831,150 shares for incentive compensation, under the 2013 Plan. A total of 2,462,186 common shares (including 25,000 for stock options already awarded) are reserved for future issuance under the 2013 Plan.

## Table of Contents

A summary of non-vested restricted shares follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding non-vested December 31, 2014	1,255,667	\$ 2.38
Shares granted	1,103,500	1.33
Shares vested	(666,500)	2.29
Shares forfeited	(346,334)	2.03
Outstanding non-vested December 31, 2015	1,346,333	\$ 1.66

The weighted average term of employee restricted stock is three years. Unrecognized compensation expense for employee restricted stock grants outstanding at December 31, 2015 amounted to \$1,425,000, which will be amortized over the next three years.

The following table summarizes option activity of the 2003 and 2013 Plans. Substantially all of the options are exercisable as of December 31, 2015:

	Number of Shares Outstanding Under Option	Weighted Average Exercise Price
Balance, December 31, 2014	414,380	\$ 4.29
Options granted at market	—	—
Options exercised	—	—
Options forfeited or expired	(99,546)	4.07
Balance, December 31, 2015	314,834	\$ 4.36

The total future compensation cost related to non-vested stock option awards is estimated to be nominal. The total intrinsic value of options exercised during the year ended December 31, 2013 was \$95,000. No options were exercised in 2015 and 2014. Options outstanding at December 31, 2015 had no intrinsic value. The total fair value of options vested during the years ended December 31, 2015, 2014 and 2013 was nominal.

Under the 2003 Plan, 153,600 and 7,640 performance options expired during 2013 and 2014, respectively. These performance options were also included in the summary of option activity above.

Stock-based compensation expense for employees recognized in the accompanying statements of operations for the years ended December 31, 2015, 2014 and 2013 was \$2,422,000, \$1,751,000 and \$303,000, respectively. Stock-based compensation expense (benefit) recorded with respect to non-employee service providers during the years ended December 31, 2015, 2014 and 2013 was \$297,000, (\$40,000) and \$506,000, respectively. Stock-based compensation for 2015 and 2014 includes \$1,123,000 and \$941,000, respectively, of bonus and commissions paid in the form of common stock.

## 9. Operating Leases:

The Company leases office, warehouse and manufacturing facilities throughout the United States. Generally, the leases require the Company to pay the operating expenses of the properties, in some cases including property taxes. The majority of the Company's leases include renewal options at existing or current market rates.

The following schedule shows the total rent expense under operating leases:

(in thousands)	Year Ended December 31,		
	2015	2014	2013
Rent expense	\$2,026	\$953	\$577
Less sublease rentals	—	—	(47)
Total rent expense	\$2,026	\$953	\$530

---

## Table of Contents

The future minimum payment obligations as of December 31, 2015 for operating leases are as follows:

<u>(in thousands)</u>	
2016	\$ 2,466
2017	2,313
2018	2,271
2019	1,709
2020	832
Thereafter	1,430
Total future payment obligations	<u>\$11,021</u>

### **10. Risk Concentrations:**

The Company's financial instruments that are exposed to concentrations of credit risk consist of cash, cash equivalents, trade accounts receivable and accounts payable. The Company places its cash and cash equivalents with high credit quality institutions. At times such balances may be in excess of the FDIC insurance limit.

A portion of the Company's LEDs and LED lighting products and systems are manufactured by select contract manufacturers. While the Company believes alternative manufacturers for the production of these products are available, the Company has selected these particular manufacturers based on their ability to consistently produce these products per the Company's specifications ensuring the best quality product at the most cost effective price.

The Company depends on these manufacturers to satisfy performance and quality specifications and to dedicate sufficient production capacity for finished products within scheduled delivery times. Accordingly, the loss of one or more of these manufacturers or delays in obtaining shipments could have a material adverse effect on the Company's operations until such time as an alternative manufacturer could be found.

### **11. Income Taxes:**

The Company did not record any current or deferred U.S. federal income tax provision or benefit for December 31, 2015 and 2013 because of its net operating loss carryforwards. The Company has recognized a full valuation allowance related to its net deferred tax assets, including substantial net operating loss carryforwards. In conjunction with the 2014 acquisitions of Value Lighting and All Around, the Company recorded a net deferred tax liability of \$6.6 million in its purchase price allocation (see Note 2). This liability can be used to reduce the overall deferred tax asset of the Company and as a result, the Company recognized a corresponding tax benefit related to the reduction of the existing valuation allowance. This benefit resulted in a credit recorded in earnings of \$6.6 million for 2014.

As of December 31, 2015, the Company had net operating loss carryforwards for federal and state income tax purposes of \$24.9 million and \$35.6 million, respectively, which expire between 2020 and 2035. Utilization of net operating loss carryforwards is dependent on generating future taxable income of the appropriate type and in the appropriate jurisdiction. In addition, as a result of transactions consummated during 2012 and 2013, including the issuance of common and preferred stock by the Company and the acquisition of Seesmart and Relume, substantially all of the Company's net operating loss carryforwards as of December 31, 2014 are subject to limitations imposed by Section 382 of the Internal Revenue Code. During 2013 the Company performed an evaluation of the Section 382 limitations on the use of net operating loss carryforwards and has adjusted them accordingly. The Company has recognized a full valuation allowance related to its remaining net deferred tax assets, including the remaining net operating loss carryforwards.



## Table of Contents

Components of deferred tax assets (liabilities) are as follows:

(in thousands)	December 31,	
	2015	2014
Accounts receivable	\$ 430	\$ 233
Inventories	1,324	1,847
Accrued expenses	749	818
Depreciation	(97)	(5)
Intangible assets	(9,843)	(11,232)
Stock options	1,410	1,339
Deferred revenue	3	22
Other	15	5
Net operating loss carryforwards	11,123	11,860
Net deferred tax asset	5,114	4,887
Valuation allowance	(5,114)	(4,887)
	\$ —	\$ —

In accordance with FASB ASC 740 "Income Taxes", valuation allowances are provided against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company has not recorded a provision for income taxes in 2015 and 2013 as the deferred tax benefits of the net losses were offset by a corresponding increase in the deferred tax valuation allowance. The following is a reconciliation of tax computed at the statutory federal rate to the income tax expense in the statements of operations for the years ended December 31, 2015, 2014 and 2013:

(in thousands, except %)	December 31,					
	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Tax benefit at statutory federal rate	\$ (810)	(34.0)	\$(3,988)	(34.0)	\$ (5,719)	(34.0)
Deferred state tax benefit	5	0.2	(383)	(3.3)	(258)	(1.5)
Change in valuation allowance	371	16.2	4,982	42.5	(10,446)	(62.1)
Tax benefit of acquisition	—	—	(6,550)	(55.8)	—	—
Adjustment to net operating loss carryforwards	(482)	(21.1)	(120)	(1.0)	13,828	82.2
Non-deductible expenses	1,060	45.0	160	1.4	2,595	15.4
Impact of rate change	(144)	(6.3)	(651)	(5.6)	—	—
Income tax benefit	\$ —	—	\$(6,550)	(55.8)	\$ —	—

## 12. Foreign and Domestic Operations:

Net revenues by geographic location, based on location of customers, were as follows:

(in thousands)	December 31,		
	2015	2014	2013
United States	\$129,328	\$74,839	\$25,243
Canada	257	1,839	574
Other	71	162	243
Total	\$129,656	\$76,840	\$26,060

Net long-lived assets by geographic location were as follows:

(in thousands)	December 31,		
	2015	2014	2013
United States	\$40,749	\$35,883	\$18,489
Other	93	112	137
Total	\$40,842	\$35,995	\$18,626

---

## Table of Contents

### **13 Benefit Plans:**

The Company has established a profit sharing plan that permits participants to make contributions by salary reduction pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended. On November 1, 2008, the Company elected to cease matching contributions. The Company elected to reinstate the matching contribution during 2013. During 2015, 2014 and 2013, the Company had \$166,000, \$120,000 and \$39,000, respectively, in expenses related to this plan.

### **14. Related Party Transactions:**

*Financings* – In August 2015, RVL provided an irrevocable letter of credit to support the \$10 million promissory notes issued to the sellers of Energy Source (see Note 15).

In April 2015, our Chairman and Chief Executive Officer guaranteed \$5 million of borrowings under our Revolving Credit Facility, increasing our Borrowing Base by that amount (see Note 15). Bank of America agreed to amend the Revolving Credit Facility to enable the Company to borrow up to \$30 million under certain conditions.

In February 2014, the Company entered in an arrangement with Aston, an affiliate of our Chairman and Chief Executive Officer, pursuant to which the Company borrowed \$3.5 million for general corporate purposes (the “February Note”). The borrowing bore interest at 9% annually and originally had a scheduled maturity of April 1, 2015. The Company had the option to prepay the note at any time without penalty. In April 2014, the Company borrowed an additional \$1 million from Aston for general corporate purposes on the same terms and conditions as the February Note (the “April Note”). Also in April 2014, the Company borrowed \$10.8 million from RVL to fund the acquisition of Value Lighting (the “RVL Note”), which bore interest at 9% annually and originally had a scheduled maturity of the earliest of April 1, 2015 or the date on which the Company received proceeds from any debt, factoring or other similar facility or equity securities in the commercial banking, private placement or public markets.

In June 2014, the company exchanged the \$10.8 million RVL Note and \$1.6 million of the February Note plus related accrued interest, for an equivalent amount of Series G preferred stock (see Note 7). The remaining \$1.9 million of the February Note, together with accrued interest thereon, was refinanced with a new Note Payable to Aston dated June 30, 2014.

In addition, Aston advanced an additional \$ 2.7 million for general corporate purposes in four separate transactions during May and June 2014. As of July 31, 2014, the Audit Committee ratified these advances and approved the issuance of a promissory note in respect of such amount, which bears interest and matures on April 1, 2017 and can be prepaid at any time at the option of the Company (the “July Note”).

The Company has accrued interest on the July Note of \$0.3 million at December 31, 2015 and recorded interest expense of \$1.1 million for the year ended December 31, 2015.

*Investment Agreements* – The Company has entered into four separate investment agreements and an Exchange Agreement with RVL, an affiliate of Aston and the Company’s Chairman and Chief Executive Officer, whereby the Company issued to RVL Series B, C, E, F and G preferred stock. Cash received by the Company for the issuance for Series B, C, E, and F preferred stock aggregated to \$26.0 million. Cash received for debt exchanged for Series G preferred stock aggregated to \$12.5 million. On December 1, 2014, all outstanding preferred stock was exchanged for common stock of the Company. In addition, in 2013 an affiliate of RVL purchased 75,000 shares of common stock from the Company for \$192,000, at the closing market price of the stock on the date purchased.

*Customer Financing* – In 2013, Aston provided \$9.9 million in financing to a related group of customers of the Company who used the proceeds to repay its obligations to the Company for the purchase of Company products. The Company has no obligations to Aston with respect to the financing arrangements between the customer and Aston. The Company’s obligations to the customer are limited to the standard warranty obligation on the products sold and amounts accrued.

*Management Agreement* – On April 9, 2013, the Company ratified a management services agreement with Aston (the “Management Agreement”) to memorialize certain management services that Aston has been providing to the Company since RVL acquired majority control of the Company’s voting securities in September 2012. Pursuant to the Management Agreement, Aston provides consulting services in connection with financing matters, budgeting, strategic planning and business development, including, without limitation, assisting the Company in (i) analyzing the operations and historical performance of target companies; (ii) analyzing and evaluating the transactions with such target companies; (iii) conducting financial, business and operational due diligence, and (iv) evaluating related structuring and other matters. In consideration of the services provided by Aston under the Management Agreement, the Company issued 500,000 shares of restricted common stock to Aston to vest in three equal annual increments, with the first such vesting date being September 25, 2013. On April 21, 2014, the Company granted an additional 300,000 shares of restricted stock to Aston which vest in three annual installments with the first such vesting date being September 25, 2014. The Audit Committee of the Board will consider from time to time (at a minimum at such times when the Compensation Committee of the Board evaluates director compensation) whether additional compensation to Aston is appropriate given the nature of the services provided.

## Table of Contents

Relocation of Corporate Headquarters – During the first quarter of 2013, the Company relocated its corporate headquarters to Stamford, Connecticut to a space also occupied by affiliates of the Company’s Chairman and Chief Executive Officer. The terms and conditions of the arrangement have not been finalized but the Audit Committee of the Board agreed to an allocation of the costs of the Stamford headquarters between Aston and the Company. The Company pays Aston \$26,537 monthly, representing its proportionate share of the space under the underlying lease. Costs allocated to the Company amounted to \$0.3 million and \$0.7 million for the years ended December 31, 2015 and 2014, respectively.

RVL Transaction Fees – Pursuant to the Series E and Series F Investment Agreement with RVL, the Company agreed to pay certain transaction costs incurred by RVL in connection with its investment. For the year ended December 31, 2013, the Company incurred \$33,000 related to these costs. Pursuant to the Series G Exchange Agreement with Aston and RVL, the Company also agreed to pay certain transaction costs incurred by Aston in connection with the issuance of the Series G stock.

## 15. Financings

In August 2015, in connection with the acquisition of Energy Source (see Note 2), the Company issued \$10 million of promissory notes bearing interest at 5% per annum. The promissory notes are due on July 20, 2016 and are supported by an irrevocable letter of credit from RVL.

In August 2014, the Company entered into a three-year loan and security agreement with Bank of America (“the Revolving Credit Facility”) pursuant to which the Company can borrow up to specified percentages against eligible accounts receivable and inventory as defined in the Revolving Credit Facility (the “Borrowing Base”) up to a maximum of \$25 million.

In April 2015, our Chairman and Chief Executive Officer guaranteed \$5 million of borrowings under the Revolving Credit Facility, increasing the Borrowing Base (but not the \$25 million maximum) by that amount. This guarantee may be terminated under certain circumstances. Bank of America agreed to amend the Revolving Credit Facility to enable the Company to borrow up to \$30 million under certain conditions.

Borrowings under the arrangement bear interest at a LIBOR rate or a defined base rate, each plus an applicable margin. The weighted average annual interest rate was 3.65% at December 31, 2015. The Company is also obligated to pay various fees monthly. Outstanding loans become payable on demand to the extent that such loans exceed the Borrowing Base, and all outstanding amounts must be repaid on August 20, 2017. All obligations under the Revolving Credit Facility are secured by the assets of the Company and its subsidiaries and are guaranteed by the Company and its subsidiaries. Borrowings outstanding as of December 31, 2015 amount to \$22 million and are included in non-current liabilities in the accompanying Consolidated Balance Sheet. We are in compliance with our covenants and obligations under the facility, and we estimate that as of December 31, 2015 we are eligible to borrow an additional \$2.6 million under the facility based upon current levels of inventory and accounts receivable.

The Loan Agreement contains covenants which limit the ability of the Company to, among other things, (i) create, incur, guarantee or suffer to exist any indebtedness; (ii) create or suffer any lien upon any property; (iii) declare or make distributions to equity holders or create any restriction on the ability of a subsidiary to make such a distribution; (iv) make investments; (v) sell, lease, license, consign or otherwise dispose of any property; (vi) make loans or other advances of money to any person; (vii) make payments on certain indebtedness; and (viii) enter into transactions with affiliates. In addition, the Loan Agreement includes financial covenants that, on a consolidated basis, requires the Company to maintain, for the most recent twelve fiscal months, a ratio of (i) EBITDA minus Capital Expenditures (as defined in the Loan Agreement) and cash taxes paid to (ii) Fixed Charges (as defined in the Loan Agreement), of not less than 1.1 to 1.0, and a ratio of (i) Senior Debt (as defined in the loan agreement) to (ii) EBITDA of not more than 3.5 to 1.0.

From time to time the Company enters into financing arrangements with RVL and its affiliates (see Note 14).

In conjunction with the acquisition of Value Lighting (see Note 2), the Company refinanced \$3.7 million of Value Lighting’s trade accounts payable by issuing a note payable to the creditor. The note is payable in installments through November 2018, at which time a balloon payment of \$1.4 million is due.

Maturities of long-term borrowings for each of the next five years are as follows:

(in thousands)	
2016	\$10,360
2017	24,951
2018	2,066
2019	—
2020	—

---

[Table of Contents](#)

**16. Quarterly Results of Operations (Unaudited):**

(in thousands, except per share data)	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
<b>Fiscal year ended December 31, 2015:</b>				
Revenues	\$20,330	\$27,245	\$37,733	\$44,348
Gross profit	7,171	9,072	12,186	14,861
Net (loss) income	(2,046)	(1,488)	(285)	1,437
Net (loss) income attributable to common stockholders	(2,046)	(1,488)	(285)	1,437
Basic and diluted (loss) income per common share attributable to common stockholders (1)	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ 0.01</u>
<b>Fiscal year ended December 31, 2014:</b>				
Revenues	\$ 4,952	\$17,517	\$26,877	\$27,494
Gross profit	1,603	5,563	8,559	8,498
Net (loss) income	(3,570)	2,410	(1,404)	(2,616)
Net (loss) income attributable to common stockholders	(3,977)	1,100	(2,055)	(7,913)
Basic and diluted (loss) income per common share attributable to common stockholders (1)	<u>\$ (0.04)</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>	<u>\$ (0.07)</u>

The 2015 and 2014 acquisitions are included in consolidated results of operations from their respective acquisition dates.

- (2) The quarterly earnings per share information is computed separately for each period. Therefore, the sum of such quarterly per share amounts may differ from the total for the year.

[Table of Contents](#)

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REVOLUTION LIGHTING TECHNOLOGIES, INC.

Date: March 10, 2016

By: /s/ Robert V. LaPenta

Robert V. LaPenta  
Chairman of the Board, Chief Executive  
Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Robert V. LaPenta March 10, 2016  
Robert V. LaPenta  
Chairman of the Board, Chief Executive  
Officer and President

(Principal Executive Officer)

/s/ James A. DePalma March 10, 2016  
James A. DePalma – Chief Financial Officer and Director  
(Principal Financial and Accounting Officer)

/s/ Robert A. Basil, Jr. March 10, 2016  
Robert A. Basil, Jr. – Director

/s/ Bill Ingram March 10, 2016  
Bill Ingram – Director

/s/ Robert V. LaPenta, Jr. March 10, 2016  
Robert V. LaPenta, Jr. – Director

/s/ Dennis McCarthy March 10, 2016  
Dennis McCarthy – Director

/s/ Stephen G. Virtue March 10, 2016  
Stephen G. Virtue – Director

/s/ Charles J. Schafer March 10, 2016  
Charles J. Schafer – Director

**CONSENT AND FIRST AMENDMENT TO  
LOAN AND SECURITY AGREEMENT  
AND FIRST AMENDMENT TO PLEDGE AGREEMENT**

THIS CONSENT AND FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT AND FIRST AMENDMENT TO PLEDGE AGREEMENT (this "Amendment") is made as of this 29<sup>th</sup> day of September, 2014 by and among REVOLUTION LIGHTING TECHNOLOGIES, INC., a Delaware corporation ("RLT"), LUMIFICIENT CORPORATION, a Minnesota corporation ("Lumificent"), LIGHTING INTEGRATION TECHNOLOGIES, LLC, a Delaware limited liability company ("LIT"), SEESMART TECHNOLOGIES, LLC, a Delaware limited liability company ("Seesmart Tech"), RELUME TECHNOLOGIES, INC., a Delaware corporation ("Relume"), TRI-STATE LED DE, LLC, a Delaware limited liability company ("Tri-State"), and VALUE LIGHTING, LLC, a Delaware limited liability company ("Value Lighting", and together with RLT, Lumificent, LIT, Seesmart Tech, Relume and Tri-State, singly and collectively, jointly and severally, "Borrowers" and each a "Borrower"), the Guarantors party hereto, and BANK OF AMERICA, N.A., a national banking association ("Lender").

**WITNESSETH:**

WHEREAS, the Obligors and the Lender are parties to a certain Loan and Security Agreement, dated as of August 20, 2014 (as amended, modified, supplemented or restated and in effect from time to time, collectively, the "Loan Agreement");

WHEREAS, the Obligors and the Lender are parties to a certain Pledge Agreement, dated as of August 20, 2014 (as amended, modified, supplemented or restated and in effect from time to time, collectively, the "Pledge Agreement");

WHEREAS, the Obligors have advised the Lender that solely for Tax liability savings purposes, the Obligors intend consummate a Recapitalization (as defined below) of the Equity Interests of Relume and Seesmart;

WHEREAS, pursuant to the terms and conditions of the Loan Agreement, the Pledge Agreement and the other Loan Documents, the Obligors must obtain the written approval of the Lender prior to consummating the Recapitalization;

WHEREAS, the Obligors have also requested that the Lender modify and amend certain terms and conditions of the Loan Agreement and the Pledge Agreement; and

WHEREAS, the Lender is willing to so consent to the Recapitalization and to so modify and amend certain terms and conditions of the Loan Agreement and the Pledge Agreement, subject to the terms and conditions contained herein.

---

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Obligors and the Lender agree as follows:

1. Capitalized Terms. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Loan Agreement.

2. Consent to the Recapitalization. Simultaneous with the execution of this Amendment, the Equity Interests of Relume and Seesmart shall be recapitalized as follows, and the Certificates of Incorporation (which constitute Organic Documents) of Relume and Seesmart, respectively, shall be accordingly amended and filed with the Secretary of State of the State of Delaware (collectively, the “Recapitalization”):

- (a) Relume. The authorized common stock of Relume shall be reduced from 150,000,000 shares to 1,000 shares via a reverse stock split, and any and all classes of preferred stock of Relume shall be cancelled and eliminated, and RLT shall remain as the sole stockholder of Relume.
- (b) Seesmart. The authorized common stock of Seesmart shall be reduced from 40,000,000 shares to 1,000 shares via a reverse stock split, and any and all classes of preferred stock of Seesmart shall be cancelled and eliminated, and Seesmart Tech shall remain as the sole stockholder of Seesmart.

The Obligors acknowledge and agree that under no circumstances shall any cash Distributions be made relating to the Recapitalization. The Lender hereby consents to the Recapitalization subject to the terms and conditions contained herein, including, but not limited to, the fulfillment of the Conditions Precedent to Effectiveness set forth in Section 8 hereof, all as determined by the Lender in its sole discretion.

3. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

- (a) Schedule 8.1.4 to the Loan Agreement is hereby deleted in its entirety, and the amended and restated Schedule 8.1.4 to the Loan Agreement attached hereto as Exhibit “A” is hereby substituted in its stead.

4. Amendments to Pledge Agreement. The Pledge Agreement is hereby amended as follows:

- (a) Schedule III to the Pledge Agreement is hereby deleted in its entirety, and the amended and restated Schedule III to the Pledge Agreement attached hereto as Exhibit “B” is hereby substituted in its stead.

5. Ratification of Loan Documents. Except as specifically amended by this Amendment, all of the terms and conditions of the Loan Agreement and of each of the other Loan Documents shall remain in full force and effect. The Obligors hereby ratify, confirm, and reaffirm all of the representations, warranties and covenants contained therein. Further, the

---

Obligors warrant and represent that no Events of Default exist, and nothing contained herein shall be deemed to constitute a waiver by the Lender of any Event of Default which may nonetheless exist as of the date hereof.

6. Breach. Without limiting the provisions of the Loan Documents, a breach of any agreement, covenant, warranty, representation or certification of the Obligors under this Amendment and/or the failure of the Obligors to perform its obligations under this Amendment shall constitute and Event of Default under the Loan Agreement.

7. Waiver. Each Obligor acknowledges, confirms and agrees that it has no claims, counterclaims, offsets, defenses or causes of action against the Lender with respect to amounts outstanding under the Loan Agreement or otherwise. To the extent such claims, counterclaims, offsets, defenses and/or causes of actions should exist, whether known or unknown, at law or in equity, each Obligor hereby WAIVES same and RELEASES the Lender from any and all liability in connection therewith.

8. Conditions Precedent to Effectiveness. This Amendment shall not be effective until each of the following conditions precedent has been fulfilled to the sole satisfaction of the Lender:

- (a) This Amendment shall have been duly executed and delivered by the respective parties hereto, and shall be in full force and effect and shall be in form and substance satisfactory to the Lender.
- (b) All action on the part of the Obligors necessary for the valid execution, delivery and performance by the Obligors of this Amendment and all other documentation, instruments, and agreements to be executed in connection herewith shall have been duly and effectively taken and evidence thereof satisfactory to the Lender shall have been provided to the Lender.
- (c) No Event of Default shall have occurred and be continuing.
- (d) The Obligors shall have paid to Lender all costs and expenses of the Lender, including, without limitation, reasonable attorneys' fees, in connection with the preparation, negotiation, execution and delivery of this Amendment.
- (e) The Lender shall have received true and correct, fully executed copies of the following documents relating to the Recapitalization:
  - (i) Written Consent of the Sole Stockholder of Relume Technologies, Inc.;
  - (ii) Written Consent of the Board of Directors of Relume Technologies, Inc.;
  - (iii) Written Consent of the Sole Stockholder of Seesmart, Inc.;
  - (iv) Written Consent of the Board of Directors of Seesmart, Inc.;



- 
- (v) Fourth Amended and Restated Certificate of Incorporation of Relume Technologies, Inc. (as file-stamped and certified by the Secretary of State of the State of Delaware); and
  - (vi) Second Amended and Restated Certificate of Incorporation of Seesmart, Inc. (as file-stamped and certified by the Secretary of State of the State of Delaware).
  - (f) The Lender shall have received the original stock certificates of Relume and Seesmart, respectively, reflecting the Recapitalization, which original stock certificates shall be accompanied by stock powers duly executed in blank or other instruments of transfer reasonably satisfactory to the Lender.
  - (g) The Obligors shall have executed and delivered to the Lender such additional documents, instruments, and agreements as the Lender may reasonably request.

9. Miscellaneous.

- (a) This Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. Delivery of an executed signature page of this Amendment (or any notice or agreement delivered pursuant to the terms hereof) by facsimile transmission or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.
- (b) This Amendment expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.
- (c) Any determination that any provision of this Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Amendment.
- (d) THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AMENDMENT AND ANY DISPUTE ARISING OUT OF THE RELATIONSHIP BETWEEN THE PARTIES HERETO, WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW).

*[SIGNATURE PAGE FOLLOWS]*

---

IN WITNESS WHEREOF, the parties have executed this Amendment as a sealed instrument by their respective duly authorized officers.

**LENDER:**

**BANK OF AMERICA, N.A.**

By: /s/ Cynthia G. Stannard

Name: Cynthia G. Stannard

Title: Sr. Vice President

*[Signatures Continue on Next Page]*

---

**BORROWERS:**

**REVOLUTION LIGHTING TECHNOLOGIES,  
INC.**

By: /s/ Charles J. Schafer  
Name: Charles J. Schafer  
Title: President and Chief Financial Officer

**LUMIFICIENT CORPORATION**

By: /s/ Charles J. Schafer  
Name: Charles J. Schafer  
Title: President

**LIGHTING INTEGRATION TECHNOLOGIES,  
LLC**

By: /s/ Charles J. Schafer  
Name: Charles J. Schafer  
Title: President

**SEESMART TECHNOLOGIES, LLC**

By: /s/ Charles J. Schafer  
Name: Charles J. Schafer  
Title: President

**RELUME TECHNOLOGIES, INC.**

By: /s/ Charles J. Schafer  
Name: Charles J. Schafer  
Title: President, Secretary and Treasurer

*[Signatures Continue on Next Page]*

---

**TRI-STATE LED DE, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**VALUE LIGHTING, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

*[Signatures Continue on Next Page]*

---

**GUARANTORS:**

**SEESMART, INC.**

By: /s/ Charles J. Schafer  
Name: Charles J. Schafer  
Title: President and Secretary

**SENTINEL SYSTEM, LLC**

By: /s/ Charles J. Schafer  
Name: Charles J. Schafer  
Title: President, Secretary and Treasurer

**VALUE LIGHTING OF HOUSTON, LLC**

**By: Value Lighting, LLC, its Sole Member**

By: /s/ Charles J. Schafer  
Name: Charles J. Schafer  
Title: President

**ENVIROLIGHT LED, LLC**

**By: Seesmart, Inc., its Sole Member**

By: /s/ Charles J. Schafer  
Name: Charles J. Schafer  
Title: President and Secretary

**CONSENT, JOINDER AND SECOND AMENDMENT TO  
LOAN AND SECURITY AGREEMENT  
AND SECOND AMENDMENT TO PLEDGE AGREEMENT**

THIS CONSENT, JOINDER AND SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT AND FIRST AMENDMENT TO PLEDGE AGREEMENT (this "Second Amendment") is made as of this 19<sup>th</sup> day of December, 2014 by and among REVOLUTION LIGHTING TECHNOLOGIES, INC., a Delaware corporation ("RLT"), LUMIFICIENT CORPORATION, a Minnesota corporation ("Lumificent"), LIGHTING INTEGRATION TECHNOLOGIES, LLC, a Delaware limited liability company ("LIT"), SEESMART TECHNOLOGIES, LLC, a Delaware limited liability company ("Seesmart Tech"), RELUME TECHNOLOGIES, INC., a Delaware corporation ("Relume"), TRI-STATE LED DE, LLC, a Delaware limited liability company ("Tri-State"), VALUE LIGHTING, LLC, a Delaware limited liability company ("Value Lighting"), and ALL AROUND LIGHTING, L.L.C., a Texas limited liability company ("All Around", and together with RLT, Lumificent, LIT, Seesmart Tech, Relume, Tri-State and Value Lighting, singly and collectively, jointly and severally, "Borrowers" and each a "Borrower"), the Guarantors party hereto, and BANK OF AMERICA, N.A., a national banking association ("Lender").

**WITNESSETH:**

WHEREAS, the Obligors (other than All Around and Break One Nine, Inc., a Texas corporation ("Break One")) and the Lender are parties to a certain Loan and Security Agreement, dated as of August 20, 2014 (as amended, modified, supplemented or restated and in effect from time to time, collectively, the "Loan Agreement");

WHEREAS, the Obligors (other than All Around and Break One) and the Lender are parties to a certain Pledge Agreement, dated as of August 20, 2014 (as amended, modified, supplemented or restated and in effect from time to time, collectively, the "Pledge Agreement");

WHEREAS, the Obligors (other than All Around and Break One) have advised the Lender that simultaneously with the execution of this Amendment, the Obligors intend to consummate the All Around Merger (as defined below);

WHEREAS, pursuant to the terms and conditions of the Loan Agreement, the Pledge Agreement and the other Loan Documents, the Obligors (other than All Around and Break One) must obtain the written approval of the Lender prior to consummating the All Around Merger; and

WHEREAS, the Lender is willing to so consent to the All Around Merger and the joinder of All Around and Break One, provided that, inter alia, certain terms of the Loan Agreement and the Pledge Agreement are modified as set forth below.

---

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Obligors and the Lender agree as follows:

1. Capitalized Terms. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Loan Agreement.

2. Consent to the All Around Merger. The Obligors hereby represent and warrant to the Lender that RLT, Revolution Lighting – All Around, Inc., a Delaware corporation (“Merger Sub”), All Around, Break One and certain other shareholder parties are entering into that certain Agreement and Plan of Merger and Reorganization (the “All Around Merger Agreement”), whereas the Merger Sub will be merged into Break One (with Break One being the successor to the Merger Sub), and Break One will become a wholly-owned subsidiary of RLT, with Break One remaining the sole member of All Around (collectively, the “All Around Merger”). The Obligors further represent and warrant to the Lender that attached to this Second Amendment as Exhibit “A” are true and complete copies of (A) the All Around Merger Agreement and (B) Disclosure Schedules to the All Around Merger Agreement (collectively, the “Material Transaction Documents”). The Lender hereby consents to the All Around Merger, provided that each of the Conditions Precedent to Effectiveness set forth in Section 10 hereof shall be satisfied, all as determined by the Lender in its sole reasonable discretion.

3. Joinder; Grant of Security Interest. Effective as of the Second Amendment Effective Date, All Around and Break One each hereby:

- (a) acknowledge that they have received and reviewed copies of the Loan Agreement and the other Loan Documents;
- (b) join in the execution of, and become parties to, the Loan Agreement and the other Loan Documents as a Borrower and as an Obligor, in the case of All Around, and as a Guarantor and an Obligor, in the case of Break One, as indicated by their signature below;
- (c) agree to be bound by all representations, warranties, covenants, agreements, liabilities and acknowledgments of a Borrower and as an Obligor, in the case of All Around, and as a Guarantor and an Obligor, in the case of Break One, under the Loan Agreement and the other Loan Documents, in each case, with the same force and effect as if they were signatories to the Loan Agreement and the other Loan Documents and were expressly named as a Borrower and as an Obligor, in the case of All Around, and as a Guarantor and an Obligor, in the case of Break One;
- (d) pledge and grant to Lender, on behalf of itself and the other Secured Parties, a continuing security interest in and Lien upon all Collateral, whether now owned or hereafter acquired, and wherever located; provided, that in no event shall the Collateral include more than 65% of the voting stock of any Foreign Subsidiary;

- 
- (e) assume and agree to perform all applicable duties and obligations as a Borrower and as an Obligor, in the case of All Around, and as a Guarantor and an Obligor, in the case of Break One, under the Loan Agreement and the other Loan Documents; and
  - (f) irrevocably authorize the Lender at any time and from time to time to authenticate and file in any relevant jurisdiction to file any financing statement that describes the Collateral as “all assets” or “all personal property”, or words to similar effect, and any amendments or continuations with respect to such financing statements, and ratify any action taken by Lender before the date hereof to effect or perfect its Lien on any Collateral. All Around and Break One hereby further authorize the Lender to file filings with the United States Patent and Trademark Office and United States Copyright Office (or any successor office or any similar office in any other country) or other necessary documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by them hereunder in any Intellectual Property, without their signatures, and naming each of them as debtor and Lender as secured party.

4. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

- (a) The definition of “Guarantors” as contained in Section 1.1 of the Loan Agreement (**Definitions**) is hereby deleted in its entirety and the following substituted in its stead:

““Guarantors”: Seesmart, Envirolight, Sentinel, Value Lighting Houston, and Break One, and each Borrower as to each other Borrower, and each other Person that guarantees payment or performance of Obligations.”

- (b) The definition of “Material Contract” as contained in Section 1.1 of the Loan Agreement (**Definitions**) is hereby deleted in its entirety and the following substituted in its stead:

““Material Contract”: any agreement or arrangement to which an Obligor is party (other than the Loan Documents) (a) that is deemed to be a material contract under any securities law applicable to such Person, including the Securities Act of 1933; (b) for which breach, termination, nonperformance or failure to renew would reasonably be expected to have a Material Adverse Effect; (c) that relates to Subordinated Debt, or to Permitted Debt in an aggregate amount of \$250,000 or more, (d) the Tri-State Agreement, (e) the Value Lighting Merger Agreement, and (f) the All Around Merger Agreement.”

- (c) The provisions of Section 1.1 of the Loan Agreement (**Definitions**) are hereby amended by inserting the following new definitions in their applicable alphabetical orders:

““All Around Merger”: as defined in the Second Amendment.”



---

“All Around Closing Consideration” means “Closing Consideration” as that term is defined in Section 1.6(b) of the All Around Merger Agreement in effect on the Second Amendment Effective Date, which Closing Consideration is \$940,000, subject to the adjustments, if any, as set forth in the All Around Merger Agreement in effect on the Second Amendment Effective Date.”

“All Around Payment Conditions”: means the following conditions with respect to any payment in cash of (i) adjustments, if any, to the All Around Closing Consideration required to be paid after the Second Amendment Effective Date to the Shareholders (as that term is defined in the All Around Merger Agreement) pursuant to the terms and conditions of the All Around Merger Agreement, (ii) any All Around Earnout Payments, and (iii) any All Around Parent Shares Consideration:

- (a) before and after giving effect to such payment, no Event of Default shall have occurred and be continuing;
- (b) before and after giving effect to such payment, Availability shall be no less than \$5,000,000; and
- (c) after giving effect to such payment, the proforma Fixed Charge Coverage shall be at least 1.25 to 1.0.”

“All Around Earnout Payments”: means the “Earnout Consideration” as that term is defined in Section 1.6(c) of the All Around Merger Agreement in effect on the Second Amendment Effective Date required to be paid to the Shareholders (as that term is defined in the All Around Merger Agreement) pursuant to the terms and conditions of the All Around Merger Agreement.”

“All Around Merger Agreement”: as defined in the Second Amendment.”

“All Around Parent Shares Consideration” means “Parent Shares Consideration” as that term is defined in Section 1.6(d) of the All Around Merger Agreement in effect on the Second Amendment Effective Date.”

“Material Transaction Documents”: as defined in the Second Amendment.”

“Post-Second Amendment Obligations”: as defined in the Second Amendment.”

“Second Amendment” means that certain Consent, Joinder and Second Amendment to Loan and Security Agreement and Second Amendment to Pledge Agreement, dated as of December 19, 2014, by and among the Obligors and the Lender.”

“Second Amendment Effective Date”: means December 19, 2014.”

---

(d) Section 9.2.7 of the Loan Agreement is hereby amended by adding the following new subsections to the end thereof:

“(j) any adjustments to the All Around Closing Consideration required to be paid in cash after the Second Amendment Effective Date to the Shareholders (as that term is defined in the All Around Merger Agreement) pursuant to the terms and conditions of the All Around Merger Agreement, unless the Borrower Agent has certified to Lender within five (5) Business Days prior to the making of such payment, that the All Around Payment Conditions have been and will continue to be satisfied;

(k) All Around Earnout Payments in cash, unless the Borrower Agent has certified to Lender within five (5) Business Days prior to the making of such payment, that the All Around Payment Conditions have been and will continue to be satisfied; and

(l) All Around Parent Shares Consideration in cash, unless the Borrower Agent has certified to Lender within five (5) Business Days prior to the making of such payment, that the All Around Payment Conditions have been and will continue to be satisfied.”

(e) Schedule 8.1.4 to the Loan Agreement is hereby deleted in its entirety, and the amended and restated Schedule 8.1.4 to the Loan Agreement attached hereto as Exhibit “B” is hereby substituted in its stead.

5. Amendments to Pledge Agreement. The Pledge Agreement is hereby amended as follows:

(a) Schedule III to the Pledge Agreement is hereby deleted in its entirety, and the amended and restated Schedule III to the Pledge Agreement attached hereto as Exhibit “C” is hereby substituted in its stead.

6. Post-Second Amendment Obligations. The Obligors hereby agree to deliver the following duly completed and executed items to the Lender by no later than thirty (30) days after the Second Amendment Effective Date (collectively the “Post-Second Amendment Obligations”), all in the form and substance reasonably satisfactory to the Lender, and the Obligors further agree that any failure by the Obligors to duly and timely comply with the Post-Second Amendment Obligations shall constitute an Event of Default under the Loan Agreement; provided that the Obligors expressly acknowledge and agree that no Accounts or Inventory of All Around and/or Break One can be deemed to be Eligible Accounts or Eligible Inventory (even if so otherwise qualified as Eligible Accounts or Eligible Inventory as determined by the Lender in accordance with the terms and conditions of the Loan Agreement) until each of the Post-Second Amendment Obligations are satisfied:

(a) Perfection Certificate for All Around and Break One.

- 
- (b) Any UCC-3 Terminations for All Around and Break One as determined by the Lender to ensure that the Lender has a first priority Lien in the Collateral of All Around and Break One, respectively, subject to any Permitted Liens.
  - (c) Intellectual Property Security Agreement for All Around and Break One if determined by the Lender to be necessary after conducting Intellectual Property searches.
  - (d) Control Agreements for the Deposit Accounts and/or Securities Accounts of All Around and Break One if determined by the Lender to be necessary.
  - (e) Certificates of a duly authorized officer of each of RLT, All Around and Break One, certifying (i) that the attached copies of such Obligor's Organic Documents are true and complete, and in full force and effect, without amendment except as shown; (ii) that an attached copy of resolutions authorizing execution and delivery of the Second Amendment and all documents referenced therein and related thereto and the Material Transaction Documents are true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this credit facility; and (iii) to the title, name and signature of each Person authorized to sign such documents.
  - (f) All consents as required by the Organic Documents of RLT.
  - (g) A written opinion of Lownestein Sandler LLP with regard to the matters addressed in the Second Amendment.
  - (h) Copies of policies or certificates of insurance for the insurance policies carried by All Around and Break One, all in compliance with the Loan Documents.
  - (i) For each insurance policy of All Around and Break One, copies of satisfactory endorsements (i) showing Lender as lender's loss payee or additional insured as its interests may appear; (ii) requiring thirty (30) days prior written notice to Lender in the event of cancellation of the policy for any reason whatsoever; and (iii) specifying that the interest of Lender shall not be impaired or invalidated by any act or neglect of such Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy.
  - (j) Lien Waivers with respect to the locations utilized by All Around and Break One. If, notwithstanding the Obligors' commercially reasonable efforts, the Obligors are unable to timely obtain the foregoing Lien Waiver, such failure shall not constitute a Default or Event of Default, and the Lender reserves the right to institute a Rent and Charges Reserve for such location.

---

7. Ratification of Loan Documents. Except as specifically amended by this Amendment, all of the terms and conditions of the Loan Agreement and of each of the other Loan Documents shall remain in full force and effect. The Obligors hereby ratify, confirm, and reaffirm all of the representations, warranties and covenants contained therein. Further, the Obligors warrant and represent that no Event of Default exists, and nothing contained herein shall be deemed to constitute a waiver by the Lender of any Event of Default which may nonetheless exist as of the date hereof.

8. Breach. Without limiting the provisions of the Loan Documents, a breach of any agreement, covenant, warranty, representation or certification of the Obligors under this Amendment and/or the failure of the Obligors to perform its obligations under this Amendment shall constitute an Event of Default under the Loan Agreement.

9. Waiver. Each Obligor acknowledges, confirms and agrees that it has no claims, counterclaims, offsets, defenses or causes of action against the Lender with respect to amounts outstanding under the Loan Agreement or otherwise. To the extent such claims, counterclaims, offsets, defenses and/or causes of actions should exist, whether known or unknown, at law or in equity, each Obligor hereby WAIVES same and RELEASES the Lender from any and all liability in connection therewith.

10. Conditions Precedent to Effectiveness. This Amendment shall not be effective until each of the following conditions precedent has been fulfilled to the sole satisfaction of the Lender:

- (a) This Amendment shall have been duly executed and delivered by the respective parties hereto, and shall be in full force and effect and shall be in form and substance satisfactory to the Lender.
- (b) All action on the part of the Obligors necessary for the valid execution, delivery and performance by the Obligors of this Amendment and all other documentation, instruments, and agreements to be executed in connection herewith shall have been duly and effectively taken and evidence thereof satisfactory to the Lender shall have been provided to the Lender.
- (c) The Lender shall have received true and correct, fully executed copies of the Material Transaction Documents.
- (d) The Lender shall have received the original stock certificates of Break One and All Around, respectively, which original stock certificates / membership certificates shall be accompanied by stock powers duly executed in blank or other instruments of transfer reasonably satisfactory to the Lender.
- (e) The Obligors shall have executed and delivered to the Lender such additional documents, instruments, and agreements as the Lender may reasonably request.

- 
- (f) The Lender shall have completed and received satisfactory results of all Patriot Act inquiries with respect to All Around and Break One.
  - (g) All conditions precedent to the consummation of the All Around Merger as required by the Material Transaction Documents have been satisfied or waived by the applicable parties, and the All Around Merger has been consummated in accordance with the provisions of the Material Transaction Documents.
  - (h) The Obligors shall have paid the All Around Closing Consideration with funds derived solely from the proceeds derived from the issuance of Equity Interests of RLT that occurred prior to the Second Amendment Effective Date.
  - (i) After giving effect to the consummation of the All Around Merger and this Second Amendment, no Default or Event of Default shall exist.

11. Miscellaneous.

- (a) In accordance with the terms and conditions of Loan Agreement, the Obligors shall pay to Lender all costs and expenses of the Lender, including, without limitation, reasonable attorneys' fees, in connection with the preparation, negotiation, execution and delivery of this Amendment.
- (b) This Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. Delivery of an executed signature page of this Amendment (or any notice or agreement delivered pursuant to the terms hereof) by facsimile transmission or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.
- (c) This Amendment expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.
- (d) Any determination that any provision of this Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Amendment.
- (e) THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AMENDMENT AND ANY DISPUTE ARISING OUT OF THE RELATIONSHIP BETWEEN THE PARTIES HERETO, WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW).

*[SIGNATURE PAGE FOLLOWS]*

---

IN WITNESS WHEREOF, the parties have executed this Amendment as a sealed instrument by their respective duly authorized officers.

**LENDER:**

**BANK OF AMERICA, N.A.**

By: /s/ Cynthia G. Stannard

Name: Cynthia G. Stannard

Title: Sr. Vice President

*[Signatures Continue on Next Page]*

---

**BORROWERS:**

**REVOLUTION LIGHTING TECHNOLOGIES,  
INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**LUMIFICIENT CORPORATION**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**LIGHTING INTEGRATION TECHNOLOGIES,  
LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**SEESMART TECHNOLOGIES, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**RELUME TECHNOLOGIES, INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

*[Signatures Continue on Next Page]*

---

**TRI-STATE LED DE, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**VALUE LIGHTING, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**ALL AROUND LIGHTING, L.L.C.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

*[Signatures Continue on Next Page]*



---

**GUARANTORS:**

**SEESMART, INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**SENTINEL SYSTEM, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**VALUE LIGHTING OF HOUSTON, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President of Sole Member

**ENVIROLIGHT LED, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President of Sole Member

**BREAK ONE NINE, INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**THIRD AMENDMENT TO  
LOAN AND SECURITY AGREEMENT**

THIS THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Third Amendment") is made as of this 17<sup>th</sup> day of April, 2015 by and among **REVOLUTION LIGHTING TECHNOLOGIES, INC.**, a Delaware corporation ("RLT"), **LUMIFICIENT CORPORATION**, a Minnesota corporation ("Lumificent"), **LIGHTING INTEGRATION TECHNOLOGIES, LLC**, a Delaware limited liability company ("LIT"), **SEESMART TECHNOLOGIES, LLC**, a Delaware limited liability company ("Seesmart Tech"), **RELUME TECHNOLOGIES, INC.**, a Delaware corporation ("Relume"), **TRI-STATE LED DE, LLC**, a Delaware limited liability company ("Tri-State"), **VALUE LIGHTING, LLC**, a Delaware limited liability company ("Value Lighting"), and **ALL AROUND LIGHTING, L.L.C.**, a Texas limited liability company ("All Around"), and together with RLT, Lumificent, LIT, Seesmart Tech, Relume, Tri-State and Value Lighting, singly and collectively, jointly and severally, "Borrowers" and each a "Borrower"), the Guarantors party hereto, and **BANK OF AMERICA, N.A.**, a national banking association ("Lender").

**WITNESSETH:**

WHEREAS, the Obligors and the Lender are parties to a certain Loan and Security Agreement, dated as of August 20, 2014 (as amended, modified, supplemented or restated and in effect from time to time, collectively, the "Loan Agreement");

WHEREAS, reference is made to the Lender's April 14, 2015 correspondence to the Borrower Agent (the "ROR Letter") pursuant to which, among other things, the Lender advised the Borrowers of the existence and continuation of certain Events of Default (the "Stated Events of Default"), and as a result thereof and in accordance with its rights under the Loan Agreement, implemented the Default Rate; and

WHEREAS, the Obligors and the Lender have agreed to enter into this Third Amendment to address the matters set forth in the ROR Letter.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Obligors and the Lender agree as follows:

1. Capitalized Terms. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Loan Agreement.

2. Stated Events of Default. The Lender hereby agrees to waive the Stated Events of Default. The waiver of the Stated Events of Default is a one-time waiver only, and shall not be deemed to constitute an agreement by the Lender to waive any future breach of provisions of the Loan Agreement. Further, nothing contained herein shall be deemed to constitute a waiver of any other Event of Default, which may exist as of the date hereof.

---

3. Default Rate. Interest accruing at the Default Rate is hereby waived retroactively from April 13, 2015; provided, however, the Lender reserves the right to implement the Default Rate in the future in accordance with its rights under the Loan Agreement.

4. April Overadvance. The Lender acknowledges and agrees that upon the effectiveness of this Third Amendment, the April Overadvance (as defined in the ROR Letter) shall have been eliminated.

5. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

(a) The following definitions as contained in Section 1.1 of the Loan Agreement (**Definitions**) are hereby amended as follows:

(i) The definition of "Borrowing Base" is hereby deleted in its entirety and the following substituted in its stead:

"Borrowing Base: on any date of determination, an amount equal to the lesser of:

(a) the Revolver Commitment; or

(b) the sum of:

(i) 85% of the Value of Eligible Accounts; plus

(ii) the lesser of (A) 70% of the Value of Eligible Inventory; or (B) 85% of the NOLV Percentage of the Value of Eligible Inventory; plus

(iii) 100% of the Pledged Cash Collateral; minus

(iv) the Availability Reserve."

(ii) The definition of "Guarantors" is hereby amended by inserting the following sentence at the end thereof:

"As of the Third Amendment Effective Date, the Pledgor is a non-recourse Guarantor to the extent set forth in Pledgor's Guaranty dated as of the Third Amendment Effective Date."

(iii) The definition of "Obligors" is hereby amended by inserting the following sentence at the end thereof:

"Notwithstanding the foregoing, the Pledgor is not an Obligor."

(iv) The definition of "Security Documents" is hereby amended by inserting the following sentence at the end thereof:

"For avoidance of doubt, the Cash Collateral Pledge Agreement and the Guaranty executed by the Pledgor constitute Security Documents."

- 
- (b) The provisions of Section 1.1 of the Loan Agreement (**Definitions**) are hereby amended by inserting the following new definitions in their applicable alphabetical orders:
- (i) “Cash Collateral Pledge Agreement: that certain pledge agreement executed and delivered by the Pledgor in favor of Lender, pursuant to which Pledgor grants to Lender a Lien on the Pledged Cash Collateral held by such Pledgor, as security for the Obligations.”
  - (ii) “Pledged Cash Collateral: means all of Pledgor’s right, title and interest in and to the cash and other assets more particularly described in the Cash Collateral Pledge Agreement and which shall be under the sole dominion and control of the Lender.”
  - (iii) “Pledgor: means Robert V. LaPenta”
  - (iv) “Post-Third Amendment Obligations: has the meaning given that term in the Third Amendment.”
  - (v) “Third Amendment: means that certain Third Amendment to Loan and Security Agreement dated as of Third Amendment Effective Date, by and among the Obligors and the Lender.”
  - (vi) “Third Amendment Effective Date: means April 17, 2015.”
- (c) Section 7.6 (**Further Assurances; Extent of Lien**) is hereby amended by inserting the following provision at the end thereof as a new paragraph:
- “Borrower Agent has advised Lender that Borrowers intend to retain one (1) of the following four (4) financial consultants: (i) Stuart W. Noyes of Winter Harbor, LLC, (ii) Howard Gross of Richter Consulting, (iii) Harvey Mason, Jr. of Capstone Partners LLC, or (iv) Philip J. Gund of M. Marotta Gund & Dzera, LLC (the “Financial Consultant”) as Borrowers’ business and financial consultant with respect to Borrowers’ business operation by no later than May 1, 2015. Borrowers covenant and agree that Borrowers shall engage the Financial Consultant by no later than said date and shall continue to retain Financial Consultant, or such other financial consultant acceptable to Lender in Lender’s sole and exclusive discretion, so long as this Agreement is in effect or until December 31, 2015, provided that no Event of Default shall have occurred and be continuing. In connection with the foregoing, Borrowers:
- (i) Shall provide the Lender with evidence of the retention of the Financial Consultant by no later than May 1, 2015;

- 
- (ii) Hereby authorize Lender to communicate directly with Financial Consultant regarding all matters relating to the services to be rendered by Financial Consultant to Borrowers, including, without limitation, to discuss all financial reports, business information, findings and recommendations of Financial Consultant;
  - (iii) Hereby authorize and direct Financial Consultant to communicate directly with Lender regarding all matters relating to the services to be rendered by Financial Consultant to Borrowers, including, without limitation, to discuss all financial reports, business information, and all findings, and recommendations of Financial Consultant; and
  - (iv) Hereby authorize and direct Financial Consultant to provide Lender with copies of all final reports (and supporting documentation if requested by Lender) and other material information prepared or reviewed by Financial Consultant, and Borrowers covenant and agree that Lender may rely on any information provided by Financial Consultant as if provided directly by Borrowers.”

6. Post-Third Amendment Obligations. The Obligors hereby agree to deliver the following duly completed and executed items to the Lender by no later than thirty (30) days after the Third Amendment Effective Date (collectively the “Post-Third Amendment Obligations”), all in the form and substance reasonably satisfactory to the Lender, and the Obligors further agree that any failure by the Obligors to duly and timely comply with the Post-Third Amendment Obligations shall constitute an Event of Default under the Loan Agreement:

- (a) Evidence that (i) the Debt of All Around in favor of Prosperity Bank f/k/a First Victoria National Bank (“Prosperity”), which Debt does not constitute Permitted Debt has been repaid in full, and (ii) the related Lien of Prosperity against the Property of All Around, which Lien does not constitute a Permitted Lien, has been terminated by Prosperity (or Borrower and/or its agents have been given permission to terminate said Lien);
- (b) Evidence that the Debt of All Around in favor of Crestron Electronics, Inc. (“Crestron”), which Debt does not constitute Permitted Debt has been repaid in full;
- (c) Evidence of the perfection of the Lender’s first priority Lien upon the Deposit Accounts of All Around maintained at (1) Prosperity and (2) First National Bank of Eagle Lake; and
- (d) Copies of policies or certificates of insurance for the insurance policies carried by All Around and Break One, including endorsements (i) showing Lender as lender’s loss payee or additional insured as its interests may appear; (ii) requiring thirty (30) days prior written notice to Lender in the event of cancellation of the policy for any reason whatsoever; and (iii) specifying that the interest of Lender

---

shall not be impaired or invalidated by any act or neglect of such Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy.

7. Ratification of Loan Documents. Except as specifically amended by this Amendment, all of the terms and conditions of the Loan Agreement and of each of the other Loan Documents shall remain in full force and effect. The Obligors hereby ratify, confirm, and reaffirm all of the representations, warranties and covenants contained therein. Further, the Obligors warrant and represent that except for the Stated Events of Default, no other Event of Default exists, and nothing contained herein shall be deemed to constitute a waiver by the Lender of any Event of Default which may nonetheless exist as of the date hereof.

8. Breach. Without limiting the provisions of the Loan Documents, a breach of any agreement, covenant, warranty, representation or certification of the Obligors under this Amendment and/or the failure of the Obligors to perform its obligations under this Amendment shall constitute an Event of Default under the Loan Agreement.

9. Waiver. Each Obligor acknowledges, confirms and agrees that it has no claims, counterclaims, offsets, defenses or causes of action against the Lender with respect to amounts outstanding under the Loan Agreement or otherwise. To the extent such claims, counterclaims, offsets, defenses and/or causes of actions should exist, whether known or unknown, at law or in equity, each Obligor hereby WAIVES same and RELEASES the Lender from any and all liability in connection therewith.

10. Conditions Precedent to Effectiveness. This Amendment shall not be effective until each of the following conditions precedent has been fulfilled to the sole satisfaction of the Lender:

- (a) This Amendment shall have been duly executed and delivered by the respective parties hereto, and shall be in full force and effect and shall be in form and substance satisfactory to the Lender.
- (b) All action on the part of the Obligors necessary for the valid execution, delivery and performance by the Obligors of this Amendment and all other documentation, instruments, and agreements to be executed in connection herewith shall have been duly and effectively taken and evidence thereof satisfactory to the Lender shall have been provided to the Lender.
- (c) The Lender shall have received the Guaranty, the Cash Collateral Pledge Agreement and the Pledged Cash Collateral from the Pledgor.

11. Miscellaneous.

- (a) In accordance with the terms and conditions of Loan Agreement, the Obligors shall pay to Lender all costs and expenses of the Lender, including, without limitation, reasonable attorneys' fees, in connection with the preparation,

---

negotiation, execution and delivery of this Amendment, which attorneys' fees and expenses are \$16,704.00, **plus** \$30,209.83 in outstanding prior amounts due in connection with this loan facility.

- (b) This Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. Delivery of an executed signature page of this Amendment (or any notice or agreement delivered pursuant to the terms hereof) by facsimile transmission or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.
- (c) This Amendment expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.
- (d) Any determination that any provision of this Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Amendment.
- (e) THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AMENDMENT AND ANY DISPUTE ARISING OUT OF THE RELATIONSHIP BETWEEN THE PARTIES HERETO, WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW).

*[SIGNATURE PAGE FOLLOWS]*

---

IN WITNESS WHEREOF, the parties have executed this Amendment as a sealed instrument by their respective duly authorized officers.

**LENDER:**

**BANK OF AMERICA, N.A.**

By: /s/ Cynthia G. Stannard

Name: Cynthia G. Stannard

Title: Sr. Vice President

*[Signatures Continue on Next Page]*



---

**BORROWERS:**

**REVOLUTION LIGHTING TECHNOLOGIES,  
INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**LUMIFICIENT CORPORATION**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**LIGHTING INTEGRATION TECHNOLOGIES,  
LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**SEESMART TECHNOLOGIES, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**RELUME TECHNOLOGIES, INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

*[Signatures Continue on Next Page]*

---

**TRI-STATE LED DE, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**VALUE LIGHTING, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**ALL AROUND LIGHTING, L.L.C.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

*[Signatures Continue on Next Page]*

---

**GUARANTORS:**

**SEESMART, INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**SENTINEL SYSTEM, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**VALUE LIGHTING OF HOUSTON, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President of Sole Member

**ENVIROLIGHT LED, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President of Sole Member

**BREAK ONE NINE, INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**CONSENT AND FOURTH AMENDMENT TO  
LOAN AND SECURITY AGREEMENT**

THIS CONSENT AND FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Fourth Amendment") is made as of this 10<sup>th</sup> day of June, 2015 by and among **REVOLUTION LIGHTING TECHNOLOGIES, INC.**, a Delaware corporation ("RLT"), **LUMIFICIENT CORPORATION**, a Minnesota corporation ("Lumificent"), **LIGHTING INTEGRATION TECHNOLOGIES, LLC**, a Delaware limited liability company ("LIT"), **SEESMART TECHNOLOGIES, LLC**, a Delaware limited liability company ("Seesmart Tech"), **RELUME TECHNOLOGIES, INC.**, a Delaware corporation ("Relume"), **TRI-STATE LED DE, LLC**, a Delaware limited liability company ("Tri-State"), **VALUE LIGHTING, LLC**, a Delaware limited liability company ("Value Lighting"), and **ALL AROUND LIGHTING, L.L.C.**, a Texas limited liability company ("All Around", and together with RLT, Lumificent, LIT, Seesmart Tech, Relume, Tri-State and Value Lighting, singly and collectively, jointly and severally, "Borrowers" and each a "Borrower"), the Guarantors party hereto, and **BANK OF AMERICA, N.A.**, a national banking association ("Lender").

**WITNESSETH:**

WHEREAS, the Obligors and the Lender are parties to a certain Loan and Security Agreement, dated as of August 20, 2014 (as amended, modified, supplemented or restated and in effect from time to time, collectively, the "Loan Agreement");

WHEREAS, the Obligors have advised the Lender that the Obligors intend consummate a Recapitalization (as defined below) of the Equity Interests of RLT;

WHEREAS, pursuant to the terms and conditions of the Loan Agreement and the other Loan Documents, the Obligors must obtain the written approval of the Lender prior to consummating the Recapitalization;

WHEREAS, the Obligors have also requested that the Lender modify and amend certain terms and conditions of the Loan Agreement; and

WHEREAS, the Lender is willing to so consent to the Recapitalization and to so modify and amend certain terms and conditions of the Loan Agreement, subject to the terms and conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Obligors and the Lender agree as follows:

1. Capitalized Terms. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Loan Agreement.

---

2. Consent to the Recapitalization. Simultaneous with the execution of this Fourth Amendment, the Equity Interests of RLT shall be recapitalized to increase the authorized common stock of RLT from 150,000,000 shares to 200,000,000 shares, and the Certificate of Incorporation (which constitutes an Organic Document) of RLT shall be accordingly amended and filed with the Secretary of State of the State of Delaware (collectively, the "Recapitalization"). The Obligors acknowledge and agree that under no circumstances shall any cash Distributions be made relating to the Recapitalization. The Lender hereby consents to the Recapitalization subject to the terms and conditions contained herein, including, but not limited to, the fulfillment of the Conditions Precedent to Effectiveness set forth in Section 8 hereof, all as determined by the Lender in its sole reasonable discretion

3. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

- (a) Schedule 8.1.4 to the Loan Agreement is hereby deleted in its entirety, and the amended and restated Schedule 8.1.4 to the Loan Agreement attached hereto as Exhibit "A" is hereby substituted in its stead.

4. Post-Fourth Amendment Obligations. The Obligors hereby agree to deliver the following duly completed and executed items to the Lender by no later than forty-five (45) days after the Fourth Amendment Effective Date (collectively the "Post-Fourth Amendment Obligations"), all in the form and substance reasonably satisfactory to the Lender, and the Obligors further agree that any failure by the Obligors to duly and timely comply with the Post-Fourth Amendment Obligations shall constitute an Event of Default under the Loan Agreement:

- (a) Evidence of (i) the perfection of the Lender's first priority Lien upon the Deposit Accounts of All Around maintained at (1) Prosperity and (2) First National Bank of Eagle Lake or (ii) the closing of either or both of such Deposit Accounts; and
- (b) Copies of policies or certificates of insurance for the insurance policies carried by All Around and Break One, including endorsements or amendments to such policies (i) showing Lender as a lender's loss payee or an additional insured; (ii) requiring ten (10) days prior written notice to Lender in the event of cancellation of the policy for any reason of nonpayment of premium and thirty (30) prior written notice to Lender in the event of cancellation of the policy for any other reason; and (iii) specifying that the interest of Lender shall not be impaired or invalidated by any act or neglect of such Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy.

5. Ratification of Loan Documents. Except as specifically amended by this Fourth Amendment, all of the terms and conditions of the Loan Agreement and of each of the other Loan Documents shall remain in full force and effect. The Obligors hereby ratify, confirm, and reaffirm all of the representations, warranties and covenants contained therein. Further, the Obligors warrant and represent that, after giving effect to Section 4 hereof, no Event of Default exists, and nothing contained herein shall be deemed to constitute a waiver by the Lender of any Event of Default which may nonetheless exist as of the date hereof.

---

6. Breach. Without limiting the provisions of the Loan Documents, a breach of any agreement, covenant, warranty, representation or certification of the Obligors under this Fourth Amendment and/or the failure of the Obligors to perform its obligations under this Fourth Amendment shall constitute an Event of Default under the Loan Agreement.

7. Waiver. Each Obligor acknowledges, confirms and agrees that it has no claims, counterclaims, offsets, defenses or causes of action against the Lender with respect to amounts outstanding under the Loan Agreement or otherwise. To the extent such claims, counterclaims, offsets, defenses and/or causes of actions should exist, whether known or unknown, at law or in equity, each Obligor hereby WAIVES same and RELEASES the Lender from any and all liability in connection therewith.

8. Conditions Precedent to Effectiveness. This Fourth Amendment shall not be effective until each of the following conditions precedent has been fulfilled to the sole satisfaction of the Lender:

- (a) This Fourth Amendment shall have been duly executed and delivered by the respective parties hereto, and shall be in full force and effect and shall be in form and substance satisfactory to the Lender.
- (b) All action on the part of the Obligors necessary for the valid execution, delivery and performance by the Obligors of this Fourth Amendment and all other documentation, instruments, and agreements to be executed in connection herewith shall have been duly and effectively taken and evidence thereof satisfactory to the Lender shall have been provided to the Lender.
- (c) No Event of Default shall have occurred and be continuing.
- (d) The Lender shall have received true and correct, fully executed copies of the following documents relating to the Recapitalization:
  - (i) Written Consent of the Board of Directors of Revolution Lighting Technologies, Inc.; and
  - (ii) Certificate of Amendment of Certificate of Incorporation of Revolution Lighting Technologies, Inc. (as file-stamped and certified by the Secretary of State of the State of Delaware).

9. Miscellaneous.

- (a) In accordance with the terms and conditions of Loan Agreement, the Obligors shall pay to Lender all costs and expenses of the Lender, including, without limitation, reasonable attorneys' fees, in connection with the preparation, negotiation, execution and delivery of this Fourth Amendment.

- 
- (b) This Fourth Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. Delivery of an executed signature page of this Fourth Amendment (or any notice or agreement delivered pursuant to the terms hereof) by facsimile transmission or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.
  - (c) This Fourth Amendment expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.
  - (d) Any determination that any provision of this Fourth Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Fourth Amendment.
  - (e) THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS FOURTH AMENDMENT AND ANY DISPUTE ARISING OUT OF THE RELATIONSHIP BETWEEN THE PARTIES HERETO, WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW).

*[SIGNATURE PAGE FOLLOWS]*

---

IN WITNESS WHEREOF, the parties have executed this Fourth Amendment as a sealed instrument by their respective duly authorized officers.

**LENDER:**

**BANK OF AMERICA, N.A.**

By: /s/ Cynthia G. Stannard

Name: Cynthia G. Stannard

Title: Sr. Vice President

*[Signatures Continue on Next Page]*



---

**BORROWERS:**

**REVOLUTION LIGHTING TECHNOLOGIES,  
INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**LUMIFICIENT CORPORATION**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**LIGHTING INTEGRATION TECHNOLOGIES,  
LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**SEESMART TECHNOLOGIES, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**RELUME TECHNOLOGIES, INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

*[Signatures Continue on Next Page]*

---

**TRI-STATE LED DE, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**VALUE LIGHTING, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**ALL AROUND LIGHTING, L.L.C.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

*[Signatures Continue on Next Page]*

---

**GUARANTORS:**

**SEESMART, INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**SENTINEL SYSTEM, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**VALUE LIGHTING OF HOUSTON, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President of Sole Member

**ENVIROLIGHT LED, LLC**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President of Sole Member

**BREAK ONE NINE, INC.**

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President

**CONSENT, JOINDER AND FIFTH AMENDMENT TO  
LOAN AND SECURITY AGREEMENT  
AND THIRD AMENDMENT TO PLEDGE AGREEMENT**

THIS CONSENT, JOINDER AND FIFTH AMENDMENT TO LOAN AND SECURITY AGREEMENT AND THIRD AMENDMENT TO PLEDGE AGREEMENT (this "Fifth Amendment") is made as of this 5<sup>th</sup> day of August, 2015 by and among REVOLUTION LIGHTING TECHNOLOGIES, INC., a Delaware corporation ("RLT"), LUMIFICIENT CORPORATION, a Minnesota corporation ("Lumificent"), LIGHTING INTEGRATION TECHNOLOGIES, LLC, a Delaware limited liability company ("LIT"), SEESMART TECHNOLOGIES, LLC, a Delaware limited liability company ("Seesmart Tech"), RELUME TECHNOLOGIES, INC., a Delaware corporation ("Relume"), TRI-STATE LED DE, LLC, a Delaware limited liability company ("Tri-State"), VALUE LIGHTING, LLC, a Delaware limited liability company ("Value Lighting"), ALL AROUND LIGHTING, L.L.C., a Texas limited liability company ("All Around"), and ENERGY SOURCE, LLC, a Rhode Island limited liability company ("Energy Source", and together with RLT, Lumificent, LIT, Seesmart Tech, Relume, Tri-State, Value Lighting, and All Around, singly and collectively, jointly and severally, "Borrowers" and each a "Borrower"), the Guarantors party hereto, and BANK OF AMERICA, N.A., a national banking association ("Lender").

**WITNESSETH:**

WHEREAS, the Obligors (other than Energy Source and Revolution Lighting Technologies – Energy Source, Inc., a Delaware corporation and a wholly-owned subsidiary of RLT ("RLT-ES")) and the Lender are parties to a certain Loan and Security Agreement, dated as of August 20, 2014 (as amended, modified, supplemented or restated and in effect from time to time, collectively, the "Loan Agreement");

WHEREAS, the Obligors (other than Energy Source and RLT-ES) and the Lender are parties to a certain Pledge Agreement, dated as of August 20, 2014 (as amended, modified, supplemented or restated and in effect from time to time, collectively, the "Pledge Agreement");

WHEREAS, the Obligors (other than Energy Source and RLT-ES) have advised the Lender that simultaneously with the execution of this Amendment, the Obligors intend to consummate the Energy Source Acquisition (as defined below);

WHEREAS, pursuant to the terms and conditions of the Loan Agreement, the Obligors (other than Energy Source and RLT-ES) must obtain the written approval of the Lender prior to consummating the Energy Source Acquisition; and

WHEREAS, the Lender is willing to so consent to the Energy Source Acquisition; provided that, inter alia, that (i) Energy Source is joined as a Borrower and an Obligor, (ii) RLT-ES is joined as a Guarantor and an Obligor, and (iii) certain terms of the Loan Agreement and the Pledge Agreement are modified as set forth below.

---

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Obligors and the Lender agree as follows:

1. Capitalized Terms. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Loan Agreement.

2. Consent to the Energy Source Acquisition. The Obligors hereby represent and warrant to the Lender that RLT-ES, Energy Source, Michael H. Lemoi, Jr. ("Lemoi") and Ronald T. Sliney ("Sliney") are entering into that certain Membership Interest Purchase Agreement dated as of August 5, 2015 (the "Energy Source MIPA"), pursuant to which, inter alia, RLT-ES will acquire all of the membership interests of Energy Source (collectively, the "Energy Source Acquisition"). The Obligors further represent and warrant to the Lender that attached to this Fifth Amendment as Exhibit "A" are true and complete copies of the following documents (collectively, the "Energy Source Material Transaction Documents"): (A) the Energy Source MIPA, (B) (i) that certain Promissory Note, dated as of the Fifth Amendment Effective Date, in the original principal amount of \$5,000,000, executed and delivered by RLT-ES, as maker, in favor of Lemoi, as payee, and (ii) that certain Promissory Note, dated as of the Fifth Amendment Effective Date, in the original principal amount of \$5,000,000, executed and delivered by RLT-ES, as maker, in favor of Sliney, as payee (i) and (ii) collectively the "Energy Source Note"), (C) that certain Employment Agreement, dated as of the date of the Energy Source MIPA, by and between Lemoi, as employee, and Energy Source, as employer (the "Lemoi Employment Agreement"), (D) that certain Employment Agreement, dated as of the date of the Energy Source MIPA, by and between Sliney, as employee, and Energy Source, as employer (the "Sliney Employment Agreement"), (E) that certain Investor Representation and Lockup Agreement, dated as of the Fifth Amendment Date, by and between Lemoi and RLT, and (F) that certain Investor Representation and Lockup Agreement, dated as of the Fifth Amendment Date, by and between Sliney and RLT. The Lender hereby consents to the Energy Source Acquisition, provided that each of the Conditions Precedent to Effectiveness set forth in Section 10 hereof shall be satisfied, all as determined by the Lender in its sole reasonable discretion.

3. Joinder; Grant of Security Interest. Effective as of the Fifth Amendment Effective Date, Energy Source and RLT-ES each hereby:

- (a) acknowledges that it has received and reviewed copies of the Loan Agreement and the other Loan Documents;
- (b) joins in the execution of, and become parties to, the Loan Agreement and the other Loan Documents as a Borrower and as an Obligor, in the case of Energy Source, and as Guarantor and an Obligor, in the case of RLT-ES, as indicated by its respective signature below;
- (c) agrees to be bound by all representations, warranties, covenants, agreements, liabilities and acknowledgments of a Borrower and as an Obligor, in the case of Energy Source, and as Guarantor and an Obligor, in the case of RLT-ES, under the Loan Agreement and the other Loan Documents, with the same force and effect as if it was a signatory to the Loan Agreement and the other Loan Documents and was expressly named as a Borrower and as an Obligor, in the case of Energy Source, and as Guarantor and an Obligor, in the case of RLT-ES;

- 
- (d) pledges and grants to Lender, on behalf of itself and the other Secured Parties, a continuing security interest in and Lien upon all Collateral, whether now owned or hereafter acquired, and wherever located; provided, that in no event shall the Collateral include more than 65% of the voting stock of any Foreign Subsidiary;
  - (e) assumes and agrees to perform all applicable duties and obligations as a Borrower and as an Obligor, in the case of Energy Source, and as a Guarantor and an Obligor, in the case of RLT-ES, under the Loan Agreement and the other Loan Documents, to the extent Energy Source and RLT-ES are respectively parties thereto; and
  - (f) irrevocably authorizes the Lender at any time and from time to time to authenticate and file in any relevant jurisdiction to file any financing statement that describes the Collateral as “all assets” or “all personal property”, or words to similar effect, and any amendments or continuations with respect to such financing statements, and ratify any action taken by the Lender before the date hereof to effect or perfect its Lien on any Collateral. Energy Source and RLT-ES each hereby further authorizes the Lender to file filings with the United States Patent and Trademark Office and United States Copyright Office (or any successor office or any similar office in any other country) or other necessary documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by it hereunder in any Intellectual Property, without its signature, and naming it as a debtor and the Lender as secured party.

4. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

- (a) The definition of “EBITDA” as contained in Section 1.1 of the Loan Agreement (**Definitions**) is hereby deleted in its entirety and the following substituted in its stead:

““EBITDA”: determined on a consolidated basis for RLT’s and Subsidiaries’ net income or loss for any period calculated before interest expense and other financing charges, provision for or benefit from income taxes, depreciation, and amortization expense, stock-based compensation expense, gains or losses arising from sales of capital assets, losses on impairment of long-lived assets and goodwill, unrealized gains and losses resulting from changes in fair values of derivatives and financial instruments (including changes in fair value of contingent consideration related to business combinations), directly related charges related to the consummation of business combinations (and, if such charges are paid in cash, solely to the extent approved by the Lender; provided however, that such charges paid in cash with respect to the Energy Source Acquisition shall be deemed to be \$1,500,000 for the period commencing as of

---

the Fifth Amendment Effective Date and ending 12 months thereafter), severance and restructuring charges (and, if such charges are paid in cash, solely to the extent approved by the Lender), extraordinary gains and losses (including losses and gains from extinguishment of debt), and non-recurring expenses and income which do not represent cash items in such period (in each case to the extent included in determining net income).”

- (b) The definition of “Guarantors” as contained in Section 1.1 of the Loan Agreement (**Definitions**) is hereby deleted in its entirety and the following substituted in its stead:

““Guarantors”: Seesmart, Envirolight, Sentinel, Value Lighting Houston, Break One, and RLT-ES, and each Borrower as to each other Borrower, and each other Person that guarantees payment or performance of Obligations. Pledgor is also a non-recourse Guarantor to the extent set forth in Pledgor’s Guaranty dated as of the Third Amendment Effective Date.”

- (c) The definition of “Material Contract” as contained in Section 1.1 of the Loan Agreement (**Definitions**) is hereby deleted in its entirety and the following substituted in its stead:

““Material Contract”: any agreement or arrangement to which an Obligor is party (other than the Loan Documents) (a) that is deemed to be a material contract under any securities law applicable to such Person, including the Securities Act of 1933; (b) for which breach, termination, nonperformance or failure to renew would reasonably be expected to have a Material Adverse Effect; (c) that relates to Subordinated Debt, or to Permitted Debt in an aggregate amount of \$250,000 or more, (d) the Tri-State Agreement, (e) the Value Lighting Merger Agreement, (f) the All Around Merger Agreement, and (g) the Energy Source Material Transaction Documents.”

- (d) The definition of “Subordinated Debt” as contained in Section 1.1 of the Loan Agreement (**Definitions**) is hereby deleted in its entirety and the following substituted in its stead:

““Subordinated Debt: all of the indebtedness owed by any Obligor to any Person the repayment of which is subordinated to the repayment of the Obligations pursuant to the terms of a debt subordination agreement approved by Lender in its reasonable discretion. For sake of clarity, the DPI/Epiphany Debt, the Aston Debt and the Energy Source Debt constitute Subordinated Debt.”

- (e) The provisions of Section 1.1 of the Loan Agreement (**Definitions**) are hereby amended by inserting the following new definitions in their applicable alphabetical orders:

““Energy Source Acquisition”: as defined in the Fifth Amendment.”

---

““Energy Source Debt: means the Debt of RLT-ES to Lemoi and Sliney, as evidenced by the Energy Source Note, together with interest, costs and expenses set forth in the Energy Source Note.”

““Energy Source Earnout Payments”: means the “Earnout Consideration” as that term is defined in Section 1.7 of the Energy Source MIPA in effect on the Fifth Amendment Effective Date required to be paid to the Sellers (as that term is defined in the Energy Source MIPA) pursuant to the terms and conditions of the Energy Source MIPA.”

““Energy Source Material Transaction Documents”: as defined in the Fifth Amendment.”

““Energy Source MIPA”: as defined in the Fifth Amendment.”

““Energy Source Note”: as defined in the Fifth Amendment.”

““Energy Source Parent Shares Consideration” means “Parent Shares Consideration” as that term is defined in Section 1.2(b) of the Energy Source MIPA in effect on the Fifth Amendment Effective Date.”

““Energy Source Profit Payments”: means the “Profit Consideration” as that term is defined in Section 1.8 of the Energy Source MIPA in effect on the Fifth Amendment Effective Date required to be paid to the Sellers (as that term is defined in the Energy Source MIPA) pursuant to the terms and conditions of the Energy Source MIPA.”

““Energy Source Purchase Price” means “Purchase Price” as that term is defined in Section 1.2(a) of the Energy Source MIPA in effect on the Fifth Amendment Effective Date, which Purchase Price consists of \$10,000,000 in cash, subject to the adjustments, if any, as set forth in the Energy Source MIPA in effect on the Fifth Amendment Effective Date.”

““Energy Source Payment Conditions”: means the following conditions with respect to any payment in cash of (i) adjustments, if any, to the cash portion of the Energy Source Purchase Price required to be paid after the Fifth Amendment Effective Date to the Sellers (as that term is defined in the Energy Source MIPA) pursuant to the terms and conditions of the Energy Source MIPA, (ii) any Energy Source Earnout Payments, (iii) any cash consideration paid in lieu of Energy Source Parent Shares Consideration, and (iv) any Energy Source Profit Payments:

- (a) before and after giving effect to such payment, no Event of Default shall have occurred and be continuing;
- (b) before and after giving effect to such payment, Availability shall be no less than \$5,000,000; and
- (c) after giving effect to such payment, the proforma Fixed Charge Coverage shall be at least 1.25 to 1.0.”



---

“Fifth Amendment” means that certain Consent, Joinder and Fifth Amendment to Loan and Security Agreement and Third Amendment to Pledge Agreement, dated as of August 5, 2015, by and among the Obligors and the Lender.”

“Fifth Amendment Effective Date”: means August 5, 2015.”

“Lemoi”: as defined in the Fifth Amendment.”

“Lemoi Employment Agreement”: as defined in the Fifth Amendment.”

“Post-Fifth Amendment Obligations”: as defined in the Fifth Amendment.”

“Senior Debt” shall mean, as of the date of determination thereof, the aggregate principal and interest amount of the Obligations outstanding to the Lender.

“Senior Leverage Ratio” means the ratio of (a) Senior Debt, to (b) EBITDA for RLT and its Subsidiaries, calculated on a trailing twelve (12) month basis.”

“Slincy”: as defined in the Fifth Amendment.”

“Slincy Employment Agreement”: as defined in the Fifth Amendment.”

(f) Section 8.1.30 of the Loan Agreement is hereby deleted in its entirety and the following substituted in its stead:

“8.1.30. Subordinated Debt. Borrowers have delivered to Lender complete and correct copies of the DPI/Epiphany Settlement Agreement, the Aston Note, and the Energy Source Note, including all schedules and exhibits thereto. No Obligor is in default in the performance or compliance with any material provisions thereof.”

(g) Section 9.2.7 of the Loan Agreement is hereby amended by adding the following new subsections to the end thereof:

“(m) any adjustments to the Energy Source Purchase Price required to be paid in cash after the Fifth Amendment Effective Date pursuant to the terms and conditions of the energy Source MIPA, unless the Borrower Agent has certified to Lender within five (5) Business Days prior to the making of such payment, that the Energy Source Payment Conditions have been and will, immediately after said payment, be satisfied;

(n) Energy Source Earnout Payments in cash, unless the Borrower Agent has certified to Lender within five (5) Business Days prior to the making of such payment, that the Energy Source Payment Conditions have been and will, immediately after said payment, continue to be satisfied;

- 
- (o) cash consideration in lieu of Energy Source Parent Shares Consideration, unless the Borrower Agent has certified to Lender within five (5) Business Days prior to the making of such payment, that the Energy Source Payment Conditions have been and will, immediately after said cash payment, continue to be satisfied;
- (p) Energy Source Profit Payments in cash, unless the Borrower Agent has certified to Lender within five (5) Business Days prior to the making of such payment, that the Energy Source Payment Conditions have been and will, immediately after said cash payment, continue to be satisfied;
- (q) the Energy Source Debt;
- (r) compensation to Lemoi under the Lemoi Employment Agreement other than regular payments of salary and expense reimbursements; and
- (s) compensation to Sliney under the Sliney Employment Agreement other than regular payments of salary and expense reimbursements.”
- (h) Section 9.2.16 of the Loan Agreement is hereby deleted in its entirety and the following substituted in its stead:
- “9.2.16. **Affiliate Transactions.** Enter into or be party to any transaction with an Affiliate, except (a) transactions expressly permitted by the Loan Documents; (b) payment of reasonable compensation to officers and employees for services actually rendered, and payment of customary directors’ fees and indemnities; (c) the Management Services Agreement; (d) the Lemoi Employment Agreement; (e) the Sliney Employment Agreement; and (f) transactions with Affiliates in the Ordinary Course of Business (including those consummated prior to the Closing Date and shown on Schedule 9.2.17) so long as such transactions are upon fair and reasonable terms fully disclosed to Lender and no less favorable than would be obtained in a comparable arm’s-length transaction with a non-Affiliate.”
- (i) The provisions of Section 9.3 of the Loan Agreement are hereby amended by adding the following new subsection to the end thereof:
- “9.3.2 **Senior Leverage Ratio.** Maintain a Senior Leverage Ratio, tested as of the last day of each of the following Fiscal Quarters, as follows:
- (a) for the Fiscal Quarter ending September 30, 2015, a maximum of 4.5:1.0;
- (b) for the Fiscal Quarter ending December 31, 2015, a maximum of 4.0:1.0; and
- (c) thereafter, as of the end of each subsequent Fiscal Quarter, a maximum of 3.5:1.0.”
- (j) Schedule 8.1.4 to the Loan Agreement is hereby deleted in its entirety, and the amended and restated Schedule 8.1.4 to the Loan Agreement attached hereto as Exhibit “B” is hereby substituted in its stead.

---

5. Amendments to Pledge Agreement. The Pledge Agreement is hereby amended as follows:

- (a) Schedule III to the Pledge Agreement is hereby deleted in its entirety, and the amended and restated Schedule III to the Pledge Agreement attached hereto as Exhibit "C" is hereby substituted in its stead.

6. Post-Fifth Amendment Obligations. The Obligors hereby agree to deliver the following duly completed and executed items to the Lender by no later than forty-five (45) days after the Fifth Amendment Effective Date (collectively the "Post-Fifth Amendment Obligations"), all in the form and substance reasonably satisfactory to the Lender, and the Obligors further agree that any failure by the Obligors to duly and timely comply with the Post-Fifth Amendment Obligations shall constitute an Event of Default under the Loan Agreement; provided that the Obligors expressly acknowledge and agree that no Accounts or Inventory of Energy Source and/or RLT-ES can be deemed to be Eligible Accounts or Eligible Inventory (even if so otherwise qualified as Eligible Accounts or Eligible Inventory as determined by the Lender in accordance with the terms and conditions of the Loan Agreement) until each of the Post-Fifth Amendment Obligations are satisfied:

- (a) Perfection Certificates for Energy Source and RLT-ES.
- (b) Any UCC-3 Terminations for Energy Source and RLT-ES as determined by the Lender to ensure that the Lender has a first priority Lien in the Collateral of Energy Source and RLT-ES, respectively.
- (c) Control Agreements for the Deposit Accounts and/or Securities Accounts of Energy Source and RLT-ES if determined by the Lender to be necessary.
- (d) Lien Waivers with respect to the locations utilized by Energy Source and RLT-ES. If, notwithstanding the Obligors' commercially reasonable efforts, the Obligors are unable to timely obtain the foregoing Lien Waivers, such failure shall not constitute a Default or Event of Default, and the Lender reserves the right to institute a Rent and Charges Reserve for such location.
- (e) The Obligors' reasonable assistance in facilitating the completion of an appraisal and field examination by the Lender with respect to the accounts receivable of Energy Source, the results of which shall be reasonably satisfactory to the Lender; provided that, to the extent said accounts receivable are determined to be unsatisfactory in the Lender's sole reasonable discretion, such determination shall not constitute an Event of Default; provided, however, that any such unsatisfactory accounts shall be excluded from the definition of Eligible Accounts.

- 
- (f) Execution and delivery by Energy Source and RLT-ES of Intellectual Property Security Agreements to the extent reasonably determined by the Lender to be necessary after the Lender conducts intellectual property searches of said Obligor.
  - (g) Evidence of the closing of the Deposit Accounts of All Around maintained at (1) Prosperity and (2) First National Bank of Eagle Lake.
  - (h) Copies of policies or certificates of insurance for the insurance policies carried by Energy Source and RLT-ES, all in compliance with the Loan Documents, including endorsements or amendments to such policies (i) showing Lender as a lender's loss payee or an additional insured; (ii) requiring ten (10) days prior written notice to Lender in the event of cancellation of the policy for any reason of nonpayment of premium and thirty (30) prior written notice to Lender in the event of cancellation of the policy for any other reason; and (iii) specifying that the interest of Lender shall not be impaired or invalidated by any act or neglect of such Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy.

7. Ratification of Loan Documents. Except as specifically amended by this Amendment, all of the terms and conditions of the Loan Agreement and of each of the other Loan Documents shall remain in full force and effect. The Obligors hereby ratify, confirm, and reaffirm all of the representations, warranties and covenants contained therein. Further, the Obligors warrant and represent that no Event of Default exists, and nothing contained herein shall be deemed to constitute a waiver by the Lender of any Event of Default which may nonetheless exist as of the date hereof.

8. Breach. Without limiting the provisions of the Loan Documents, a breach of any agreement, covenant, warranty, representation or certification of the Obligors under this Amendment and/or the failure of the Obligors to perform its obligations under this Amendment shall constitute an Event of Default under the Loan Agreement.

9. Waiver. Each Obligor acknowledges, confirms and agrees that it has no claims, counterclaims, offsets, defenses or causes of action against the Lender with respect to amounts outstanding under the Loan Agreement or otherwise. To the extent such claims, counterclaims, offsets, defenses and/or causes of actions should exist, whether known or unknown, at law or in equity, each Obligor hereby WAIVES same and RELEASES the Lender from any and all liability in connection therewith.

10. Conditions Precedent to Effectiveness. This Amendment shall not be effective until each of the following conditions precedent has been fulfilled to the sole satisfaction of the Lender:

- (a) This Amendment shall have been duly executed and delivered by the respective parties hereto, and shall be in full force and effect and shall be in form and substance satisfactory to the Lender.

- 
- (b) All action on the part of the Obligors necessary for the valid execution, delivery and performance by the Obligors of this Amendment and all other documentation, instruments, and agreements to be executed in connection herewith shall have been duly and effectively taken and evidence thereof satisfactory to the Lender shall have been provided to the Lender.
  - (c) The Lender shall have received from the Obligors an amendment fee in the amount of Twenty-Five Thousand Dollars (\$25,000.00) (the "Amendment Fee"). The Amendment Fee shall be fully and irrevocably earned by the Lender upon execution of this Amendment, and is non-refundable to the Obligors.
  - (d) The Lender shall have received true and correct, fully executed copies of the Energy Source Material Transaction Documents.
  - (e) The Lender shall have received true and correct, fully-executed (as applicable) copies of those items set forth on the Lender's closing checklist which has been provided to the Obligors.
  - (f) The Lender shall have received the original membership/stock certificates of Energy Source and RLT-ES, respectively, which original membership/stock certificates shall be accompanied by stock powers duly executed in blank or other instruments of transfer reasonably satisfactory to the Lender.
  - (g) The Obligors shall have executed and delivered to the Lender such additional documents, instruments, and agreements as the Lender may reasonably request.
  - (h) The Lender shall have completed and received satisfactory results of all Patriot Act inquiries with respect to Energy Source and RLT-ES.
  - (i) All conditions precedent to the consummation of the Energy Source Acquisition as required by the Energy Source Material Transaction Documents shall have been satisfied or waived by the applicable parties, and the Energy Source Acquisition shall have been consummated in accordance with the provisions of the Energy Source Material Transaction Documents.
  - (j) The Obligors shall have paid the cash portion of the Energy Source Purchase Price with funds derived solely from the proceeds derived from the issuance of Equity Interests of RLT pursuant to the terms and conditions of that certain Investment Agreement, dated as of even date herewith, by any among RLT, Great American Insurance Company, Great American Life Insurance Company and BFLT, LLC, a fully-executed true and complete version of which has been delivered to the Lender.
  - (k) After giving effect to the consummation of the Energy Source Acquisition and this Fifth Amendment, no Default or Event of Default shall exist except with respect to the failure of the Obligors to obtain the consent of the Lender with respect to (i) the creation of Revolution Lighting – E-Lighting, Inc., a Delaware corporation "RLT-E-Lighting") as a wholly owned subsidiary of RLT, (ii) the

---

purchase by RLT of certain assets of DPI Management, Inc. d/b/a E Lighting, a Texas corporation ("E-Lighting"), pursuant to a certain Asset Purchase Agreement dated as of February 5, 2015 by and among RLT, E-Lighting and others, and (iii) the contribution of certain assets so acquired to RLT-E-Lighting (i) through and including (iii) the "RLT-E-Lighting Transaction." The Lender hereby waives any Event of Default attributable solely to the RLT-E-Lighting Transaction; provided however, that any such Event of Default shall constitute an Event of Default unless, within 30 days of the date hereof, the Obligors and RLT-E-Lighting execute and deliver such joinder agreement and related documents, instruments and agreements substantially similar to prior forms as reasonably requested by the Lender in order to join RLT-E-Lighting as a Borrower, to cause the stock of RLT-E-Lighting to be pledged to the Lender as Collateral and to cause RLT-E-Lighting to pledge its assets to the Lender as Collateral.

11. Miscellaneous.

- (a) In accordance with the terms and conditions of Loan Agreement, the Obligors shall pay to Lender all costs and expenses of the Lender, including, without limitation, reasonable attorneys' fees, in connection with the preparation, negotiation, execution and delivery of this Amendment.
- (b) This Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. Delivery of an executed signature page of this Amendment (or any notice or agreement delivered pursuant to the terms hereof) by facsimile transmission or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof; provided that the Obligors shall deliver originals of all applicable documents referenced in this Amendment, including, but not limited to, the original stock certificate and duly-executed stock power of RLT-ES by no later than three (3) Business Days after the Fifth Amendment Effective Date.
- (c) This Amendment expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.
- (d) Any determination that any provision of this Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Amendment.
- (e) THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AMENDMENT AND ANY DISPUTE ARISING OUT OF THE RELATIONSHIP BETWEEN THE PARTIES HERETO, WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW).

*[SIGNATURE PAGE FOLLOWS]*

---

IN WITNESS WHEREOF, the parties have executed this Amendment as a sealed instrument by their respective duly authorized officers.

**LENDER:**

**BANK OF AMERICA, N.A.**

By: /s/ Cynthia G. Stannard

Name: Cynthia G. Stannard

Title: Sr. Vice President

*[Signatures Continue on Next Page]*

---

**BORROWERS:**

**REVOLUTION LIGHTING TECHNOLOGIES,  
INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: Chief Financial Officer

**LUMIFICIENT CORPORATION**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**LIGHTING INTEGRATION TECHNOLOGIES,  
LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**SEESMART TECHNOLOGIES, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**RELUME TECHNOLOGIES, INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

*[Signatures Continue on Next Page]*



---

**TRI-STATE LED DE, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**VALUE LIGHTING, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**ALL AROUND LIGHTING, L.L.C.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**ENERGY SOURCE, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: Secretary and Treasurer

*[Signatures Continue on Next Page]*

---

**GUARANTORS:**

**SEESMART, INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**SENTINEL SYSTEM, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**VALUE LIGHTING OF HOUSTON, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President of Sole Member

**ENVIROLIGHT LED, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President of Sole Member

**BREAK ONE NINE, INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**REVOLUTION LIGHTING TECHNOLOGIES –  
ENERGY SOURCE, INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: Secretary and Treasurer

**CONSENT, JOINDER AND SIXTH AMENDMENT TO  
LOAN AND SECURITY AGREEMENT  
AND FOURTH AMENDMENT TO PLEDGE AGREEMENT**

THIS CONSENT, JOINDER AND SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENT AND FOURTH AMENDMENT TO PLEDGE AGREEMENT (this "Sixth Amendment") is made as of this 27<sup>th</sup> day of October, 2015 by and among REVOLUTION LIGHTING TECHNOLOGIES, INC., a Delaware corporation ("RLT"), LUMIFICIENT CORPORATION, a Minnesota corporation ("Lumificient"), LIGHTING INTEGRATION TECHNOLOGIES, LLC, a Delaware limited liability company ("LIT"), SEESMART TECHNOLOGIES, LLC, a Delaware limited liability company ("Seesmart Tech"), RELUME TECHNOLOGIES, INC., a Delaware corporation ("Relume"), TRI-STATE LED DE, LLC, a Delaware limited liability company ("Tri-State"), VALUE LIGHTING, LLC, a Delaware limited liability company ("Value Lighting"), ALL AROUND LIGHTING, L.L.C., a Texas limited liability company ("All Around"), ENERGY SOURCE, LLC, a Rhode Island limited liability company ("Energy Source"), and REVOLUTION LIGHTING – E-LIGHTING, INC., a Delaware corporation ("RLT-E-Lighting", and together with RLT, Lumificient, LIT, Seesmart Tech, Relume, Tri-State, Value Lighting, All Around, and Energy Source, singly and collectively, jointly and severally, "Borrowers" and each a "Borrower"), the Guarantors party hereto, and BANK OF AMERICA, N.A., a national banking association ("Lender").

**WITNESSETH:**

WHEREAS, the Obligors (other than RLT-E-Lighting) and the Lender are parties to a certain Loan and Security Agreement, dated as of August 20, 2014 (as amended, modified, supplemented or restated and in effect from time to time, collectively, the "Loan Agreement");

WHEREAS, the Obligors (other than RLT-E-Lighting) and the Lender are parties to a certain Pledge Agreement, dated as of August 20, 2014 (as amended, modified, supplemented or restated and in effect from time to time, collectively, the "Pledge Agreement");

WHEREAS, the Obligors have advised the Lender that on February 5, 2015, the Obligors (other than RLT-E-Lighting) consummated the RLT-L-Lighting Acquisition (as defined below);

WHEREAS, pursuant to the terms and conditions of the Loan Agreement, the Obligors (other than RLT-E-Lighting) should have obtained the written consent of the Lender prior to consummating the RLT-E-Lighting Acquisition, and the Obligors are now hereby seeking such consent; and

WHEREAS, the Lender is willing to so consent to the RLT-E-Lighting Acquisition; provided that, inter alia, (i) RLT-E-Lighting is joined as a Borrower and an Obligor and (ii) certain terms of the Loan Agreement and the Pledge Agreement are modified as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Obligors and the Lender agree as follows:

1. Capitalized Terms. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Loan Agreement.

---

2. Consent to the RLT-E-Lighting Acquisition. The Obligors hereby represent and warrant to the Lender that (i) RLT, DPI Management, Inc. d/b/a E-Lighting, a Texas corporation ("E-Lighting") and James Shaw, an individual, entered into that certain Asset Purchase Agreement dated as of February 5, 2015 (the "RLT-E-Lighting APA"), pursuant to which, inter alia, RLT acquired certain assets of E-Lighting; (ii) on March 3, 2015, the Obligors created RLT-E-Lighting as a wholly-owned subsidiary of RLT; and (iii) RLT subsequently contributed the assets acquired pursuant to the RLT-E-Lighting APA to RLT-E-Lighting (collectively, the "RLT-E-Lighting Acquisition"). The Obligors further represent and warrant to the Lender that attached to this Sixth Amendment as Exhibit "A" is a true and complete copy of the RLT-E-Lighting APA. The Lender hereby consents to the RLT-E-Lighting Acquisition, provided that each of the Conditions Precedent to Effectiveness set forth in Section 10 hereof shall be satisfied, all as determined by the Lender in its sole reasonable discretion.

3. Joinder; Grant of Security Interest. Effective as of March 3, 2015, RLT-E-Lighting hereby:

- (a) acknowledges that it has received and reviewed copies of the Loan Agreement and the other Loan Documents;
- (b) joins in the execution of, and become parties to, the Loan Agreement and the other Loan Documents as a Borrower and as an Obligor, as indicated by its respective signature below;
- (c) agrees to be bound by all representations, warranties, covenants, agreements, liabilities and acknowledgments of a Borrower and as an Obligor under the Loan Agreement and the other Loan Documents, with the same force and effect as if it was a signatory to the Loan Agreement and the other Loan Documents and was expressly named as a Borrower and as an Obligor;
- (d) pledges and grants to Lender, on behalf of itself and the other Secured Parties, a continuing security interest in and Lien upon all Collateral, whether now owned or hereafter acquired, and wherever located; provided, that in no event shall the Collateral include more than 65% of the voting stock of any Foreign Subsidiary;
- (e) assumes and agrees to perform all applicable duties and obligations as a Borrower and as an Obligor under the Loan Agreement and the other Loan Documents, to the extent RLT-E-Lighting is a party thereto; and
- (f) irrevocably authorizes the Lender at any time and from time to time to authenticate and file in any relevant jurisdiction to file any financing statement that describes the Collateral as "all assets" or "all personal property", or words to similar effect, and any amendments or continuations with respect to such financing statements, and ratify any action taken by the Lender before the date hereof to effect or perfect its Lien on any Collateral. RLT-E-Lighting further authorizes the Lender to file filings with the United States Patent and Trademark

---

Office and United States Copyright Office (or any successor office or any similar office in any other country) or other necessary documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by it hereunder in any Intellectual Property, without its signature, and naming it as a debtor and the Lender as secured party.

4. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

- (a) The definition of “Material Contract” as contained in Section 1.1 of the Loan Agreement (**Definitions**) is hereby deleted in its entirety and the following substituted in its stead:

““Material Contract”: any agreement or arrangement to which an Obligor is party (other than the Loan Documents) (a) that is deemed to be a material contract under any securities law applicable to such Person, including the Securities Act of 1933; (b) for which breach, termination, nonperformance or failure to renew would reasonably be expected to have a Material Adverse Effect; (c) that relates to Subordinated Debt, or to Permitted Debt in an aggregate amount of \$250,000 or more, (d) the Tri-State Agreement, (e) the Value Lighting Merger Agreement, (f) the All Around Merger Agreement, (g) the Energy Source Material Transaction Documents, and (h) the RLT-E-Lighting APA.”

- (b) The definition of “Senior Debt” as contained in Section 1.1 of the Loan Agreement (**Definitions**) is hereby deleted in its entirety and the following substituted in its stead:

““Senior Debt” shall mean, as of the date of determination thereof, (i) the aggregate principal and interest amount of the Obligations outstanding to the Lender *plus* (ii) the aggregate amount of all Capital Leases.”

- (c) The definition of “Senior Leverage Ratio” as contained in Section 1.1 of the Loan Agreement (**Definitions**) is hereby deleted in its entirety and the following substituted in its stead:

““Senior Leverage Ratio” means the ratio of (a) Senior Debt to (b) EBITDA for RLT and its Subsidiaries.”

- (d) The provisions of Section 1.1 of the Loan Agreement (**Definitions**) are hereby amended by inserting the following new definitions in their applicable alphabetical orders:

““Post-Sixth Amendment Obligations”: as defined in the Sixth Amendment.”

““RLT-E-Lighting Acquisition”: as defined in the Sixth Amendment.”

““RLT-E-Lighting APA”: as defined in the Sixth Amendment.”

---

““RLT-E-Lighting Purchase Price” means the “Purchase Price” as that term is defined in Section 1.3 of the RLT-E-Lighting APA in effect on the Sixth Amendment Effective Date, which Purchase Price consists of \$600,000 in cash and/or Equity Interests of RLT, subject to the adjustments, if any, as set forth in the RLT-E-Lighting APA in effect on the Sixth Amendment Effective Date.”

““RLT-E-Lighting Payment Conditions”: means the following conditions with respect to (i) any payments of, and any adjustments to, any Cash Consideration (as that term is defined in the RLT-E-Lighting APA) portion of the RLT-E-Lighting Purchase Price required to be paid after February 5, 2015 to the Seller (as that term is defined in the RLT-E-Lighting APA) pursuant to the terms and conditions of the RLT-E-Lighting APA and (ii) any Cash Consideration paid in lieu of any Stock Consideration (as that term is defined in the RLT-E-Lighting APA) required to be paid after February 5, 2015 to the Seller pursuant to the terms and conditions of the RLT-E-Lighting APA:

- (a) before and after giving effect to such payment, no Event of Default shall have occurred and be continuing;
- (b) before and after giving effect to such payment, Availability shall be no less than \$5,000,000; and
- (c) after giving effect to such payment, the proforma Fixed Charge Coverage shall be at least 1.25 to 1.0.”

““Sixth Amendment” means that certain Consent, Joinder and Sixth Amendment to Loan and Security Agreement and Fourth Amendment to Pledge Agreement, dated as of October 27, 2015, by and among the Obligor and the Lender.”

““Sixth Amendment Effective Date”: means October 27, 2015.”

- (e) Section 9.2.7 of the Loan Agreement is hereby amended by adding the following new subsection to the end thereof:

“(t) any payments of, or adjustments to, the RLT-E-Lighting Purchase Price required to be paid in cash after February 5, 2015 pursuant to the terms and conditions of the RLT-E-Lighting APA, unless the Borrower Agent has certified to Lender within five (5) Business Days prior to the making of such payment, that the RLT-E-Lighting Payment Conditions have been and will, immediately after said payment, be satisfied.”

- (f) Section 9.3.2 of the Loan Agreement is hereby deleted in its entirety and the following substituted in its stead:

“9.3.2 **Senior Leverage Ratio.** Maintain a Senior Leverage Ratio, tested as of the last day of each of the following Fiscal Quarters, as follows:

- (a) for the Fiscal Quarter ending September 30, 2015, a maximum of 3.5:1.0, calculated for the then-ended Fiscal Quarter and annualized accordingly;

- 
- (b) for the Fiscal Quarter ending December 31, 2015, a maximum of 3.5:1.0, calculated for the last two ended Fiscal Quarters and annualized accordingly;
  - (a) for the Fiscal Quarter ending March 31, 2016, a maximum of 3.5:1.0, calculated for the last three ended Fiscal Quarters and annualized accordingly; and
  - (b) for the Fiscal Quarter ending June 30, 2016, and all fiscal Quarters ending thereafter, a maximum of 3.5:1.0, calculated on a trailing twelve (12) month basis.”
- (g) Schedule 8.1.4 to the Loan Agreement is hereby deleted in its entirety, and the amended and restated Schedule 8.1.4 to the Loan Agreement attached hereto as Exhibit “B” is hereby substituted in its stead.

5. Amendments to Pledge Agreement. The Pledge Agreement is hereby amended as follows:

- (a) Schedule III to the Pledge Agreement is hereby deleted in its entirety, and the amended and restated Schedule III to the Pledge Agreement attached hereto as Exhibit “C” is hereby substituted in its stead.

6. Post-Sixth Amendment Obligations. The Obligors hereby agree to deliver the following duly completed and executed items to the Lender by no later than (i) thirty (30) days after the Sixth Amendment Effective Date or (ii) each such earlier date as noted below (collectively the “Post-Sixth Amendment Obligations”), all in the form and substance reasonably satisfactory to the Lender, and the Obligors further agree that any failure by the Obligors to duly and timely comply with the Post-Sixth Amendment Obligations shall constitute an Event of Default under the Loan Agreement; provided that the Obligors expressly acknowledge and agree that no Accounts or Inventory of RLT-E-Lighting can be deemed to be Eligible Accounts or Eligible Inventory (even if so otherwise qualified as Eligible Accounts or Eligible Inventory as determined by the Lender in accordance with the terms and conditions of the Loan Agreement) until each of the Post-Sixth Amendment Obligations are satisfied:

- (a) Perfection Certificate for RLT-E-Lighting.
- (b) Any UCC-3 Terminations for RLT-E-Lighting as determined by the Lender to ensure that the Lender has a first priority Lien in the Collateral of RLT-E-Lighting.
- (c) Control Agreements for the Deposit Accounts and/or Securities Accounts of RLT-E-Lighting, Energy Source and RLT-ES if determined by the Lender to be necessary.

- 
- (d) Lien Waivers with respect to the locations utilized by RLT-E-Lighting. If, notwithstanding the Obligors' commercially reasonable efforts, the Obligors are unable to timely obtain the foregoing Lien Waivers, such failure shall not constitute a Default or Event of Default, and the Lender reserves the right to institute a Rent and Charges Reserve for such location.
  - (e) Execution and delivery by RLT-E-Lighting of Intellectual Property Security Agreements to the extent reasonably determined by the Lender to be necessary after the Lender conducts intellectual property searches of said Obligors.
  - (f) Copies of policies or certificates of insurance for the insurance policies carried by RLT-E-Lighting, Energy Source and RLT-ES, all in compliance with the Loan Documents, including endorsements or amendments to such policies (i) showing Lender as a lender's loss payee or an additional insured; (ii) requiring ten (10) days prior written notice to Lender in the event of cancellation of the policy for any reason of nonpayment of premium and thirty (30) prior written notice to Lender in the event of cancellation of the policy for any other reason; and (iii) specifying that the interest of Lender shall not be impaired or invalidated by any act or neglect of such Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy.
  - (g) By no later than ten (10) days after the Sixth Amendment Effective Date, the Lender shall have received the original stock certificates of RLT-E-Lighting, which original stock certificates shall be accompanied by stock powers duly executed in blank or other instruments of transfer reasonably satisfactory to the Lender.
  - (h) By no later than ten (10) days after the Sixth Amendment Effective Date, the Lender shall have received the original legal opinion of Lowenstein Sandler LLP with regard to this 6<sup>th</sup> Amendment, in form and substance reasonably satisfactory to the Lender.

7. Ratification of Loan Documents. Except as specifically amended by this Amendment, all of the terms and conditions of the Loan Agreement and of each of the other Loan Documents shall remain in full force and effect. The Obligors hereby ratify, confirm, and reaffirm all of the representations, warranties and covenants contained therein. Further, the Obligors warrant and represent that no Event of Default exists, and nothing contained herein shall be deemed to constitute a waiver by the Lender of any Event of Default which may nonetheless exist as of the date hereof.

8. Breach. Without limiting the provisions of the Loan Documents, a breach of any agreement, covenant, warranty, representation or certification of the Obligors under this Amendment and/or the failure of the Obligors to perform its obligations under this Amendment shall constitute an Event of Default under the Loan Agreement.

9. Waiver. Each Obligor acknowledges, confirms and agrees that it has no claims, counterclaims, offsets, defenses or causes of action against the Lender with respect to amounts



---

outstanding under the Loan Agreement or otherwise. To the extent such claims, counterclaims, offsets, defenses and/or causes of actions should exist, whether known or unknown, at law or in equity, each Obligor hereby WAIVES same and RELEASES the Lender from any and all liability in connection therewith.

10. Conditions Precedent to Effectiveness. This Amendment shall not be effective until each of the following conditions precedent has been fulfilled to the sole satisfaction of the Lender:

- (a) This Amendment shall have been duly executed and delivered by the respective parties hereto, and shall be in full force and effect and shall be in form and substance satisfactory to the Lender.
- (b) All action on the part of the Obligors necessary for the valid execution, delivery and performance by the Obligors of this Amendment and all other documentation, instruments, and agreements to be executed in connection herewith shall have been duly and effectively taken and evidence thereof satisfactory to the Lender shall have been provided to the Lender.
- (c) The Lender shall have received from the Obligors an amendment fee in the amount of Two Thousand Five Hundred Dollars (\$2,500.00) (the "Amendment Fee"). The Amendment Fee shall be fully and irrevocably earned by the Lender upon execution of this Amendment, and is non-refundable to the Obligors.
- (d) The Lender shall have received true and correct, fully executed copies of the RLT-E-Lighting APA.
- (e) The Lender shall have received true and correct, fully-executed (as applicable) copies of those items set forth on the Lender's closing checklist which has been provided to the Obligors.
- (f) The Obligors shall have executed and delivered to the Lender such additional documents, instruments, and agreements as the Lender may reasonably request.
- (g) The Lender shall have completed and received satisfactory results of all Patriot Act inquiries with respect to RLT-E-Lighting.
- (h) In accordance with the terms and conditions of Loan Agreement, the Obligors shall pay to Lender (i) all costs and expenses of the Lender, including, without limitation, reasonable attorneys' fees, in connection with the preparation, negotiation, execution and delivery of this Amendment and (ii) all outstanding amounts of attorneys' fees due prior to the Sixth Amendment Effective Date.

11. Miscellaneous.

- (a) This Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. Delivery of an

---

executed signature page of this Amendment (or any notice or agreement delivered pursuant to the terms hereof) by facsimile transmission or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof; provided that the Obligors shall deliver originals of all applicable documents referenced in this Amendment by no later than three (3) Business Days after the Sixth Amendment Effective Date.

- (b) This Amendment expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.
- (c) Any determination that any provision of this Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Amendment.
- (d) THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AMENDMENT AND ANY DISPUTE ARISING OUT OF THE RELATIONSHIP BETWEEN THE PARTIES HERETO, WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW).

*[SIGNATURE PAGE FOLLOWS]*

---

IN WITNESS WHEREOF, the parties have executed this Amendment as a sealed instrument by their respective duly authorized officers.

**LENDER:**

**BANK OF AMERICA, N.A.**

By: /s/ Cynthia G. Stannard

Name: Cynthia G. Stannard

Title: Sr. Vice President

*[Signatures Continue on Next Page]*

---

**BORROWERS:**

**REVOLUTION LIGHTING TECHNOLOGIES,  
INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: Chief Financial Officer

**LUMIFICIENT CORPORATION**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**LIGHTING INTEGRATION TECHNOLOGIES,  
LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**SEESMART TECHNOLOGIES, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**RELUME TECHNOLOGIES, INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

*[Signatures Continue on Next Page]*

---

**TRI-STATE LED DE, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**VALUE LIGHTING, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**ALL AROUND LIGHTING, L.L.C.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**ENERGY SOURCE, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: Secretary and Treasurer

**REVOLUTION LIGHTING – E-LIGHTING, INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

*[Signatures Continue on Next Page]*

---

**GUARANTORS:**

**SEESMART, INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**SENTINEL SYSTEM, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**VALUE LIGHTING OF HOUSTON, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President of Sole Member

**ENVIROLIGHT LED, LLC**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President of Sole Member

**BREAK ONE NINE, INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: President

**REVOLUTION LIGHTING TECHNOLOGIES –  
ENERGY SOURCE, INC.**

By: /s/ James A. DePalma

Name: James A. DePalma

Title: Secretary and Treasurer

**SUBSIDIARIES OF REVOLUTION LIGHTING TECHNOLOGIES, INC.**

<b><u>Subsidiary of the Company</u></b>	<b><u>Jurisdiction of Incorporation/Formation</u></b>
Lumificient Corporation	Minnesota
Seesmart Technologies, LLC	Delaware
Lighting Integration Technologies, LLC	Delaware
Relume Technologies, Inc.	Delaware
Tri-State DE LLC	Delaware
Value Lighting, Inc.	Delaware
All Around Lighting, LLC	Texas
Energy Source, LLC	Delaware
E-Lighting, Inc.	Delaware
<b>Subsidiary of Seesmart Technologies, LLC</b>	
Seesmart Technologies, Inc.	Nevada
<b>Subsidiary of Relume Technologies, Inc.</b>	
Sentinel System, LLC	Michigan

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in Registration Statements on Form S-3 (No. 333-140286 and No. 333-199510) and Form S-8 (No. 333-123984, No. 333-150778, No. 333-172289, No. 333-188719, No. 333-197843 and No. 333-204172) of Revolution Lighting Technologies, Inc. of our reports dated March 10, 2016 relating to our audits of the consolidated financial statements and internal control over financial reporting, which appear in this Annual Report on Form 10-K of Revolution Lighting Technologies, Inc. for the year ended December 31, 2015.

/s/ RSM US LLP

Stamford, Connecticut  
March 10, 2016



## CERTIFICATION

I, Robert V. LaPenta, Chairman of the Board, Chief Executive Officer and President of Revolution Lighting Technologies, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Revolution Lighting Technologies, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2016

/s/ Robert V. LaPenta

Robert V. LaPenta  
Chairman of the Board, Chief Executive  
Officer and President  
(Principal Executive Officer)

## CERTIFICATION

I, James A. DePalma, Chief Financial Officer of Revolution Lighting Technologies, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Revolution Lighting Technologies, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2016

/s/ James A. DePalma

James A. DePalma  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION**  
**PURSUANT TO 18 U.S.C. SECTION 1350,**  
**AS ADOPTED PURSUANT TO**  
**SECTION 906 OF SARBANES-OXLEY ACT OF 2002**

This Certificate is being filed pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002. This Certification is included solely for the purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act and is not intended to be used for any other purpose. In connection with the accompanying Annual Report on Form 10-K of Revolution Lighting Technologies, Inc. for the year ended December 31, 2015, the undersigned hereby certifies in his capacity as an officer of Revolution Lighting Technologies, Inc. that to such officer's knowledge:

1. such Annual Report on Form 10-K of Revolution Lighting Technologies, Inc. for the year ended December 31, 2015, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in such Annual Report on Form 10-K of Revolution Lighting Technologies, Inc. for the year ending December 31, 2015, fairly presents, in all material respects, the financial condition and results of operations of Revolution Lighting Technologies, Inc.

REVOLUTION LIGHTING TECHNOLOGIES, INC.

March 10, 2016

/s/ Robert V. LaPenta

\_\_\_\_\_  
Robert V. LaPenta  
Chairman of the Board, Chief Executive  
Officer and President  
(Principal Executive Officer)

/s/ James A. DePalma

\_\_\_\_\_  
James A. DePalma  
Chief Financial Officer  
(Principal Financial Officer)