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DELTA REPORT

10-Q

LYTS - LSI INDUSTRIES INC

10-Q - DECEMBER 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	860
CHANGES	161
DELETIONS	373
ADDITIONS	326

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, DECEMBER 31, 2024, 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 No. 0-13375

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LSI Industries Inc.

(Exact name of registrant as specified in its charter)

Ohio	31-0888951
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10000 Alliance Road, Cincinnati, Ohio	45242
(Address of principal executive offices)	(Zip Code)

(513) 793-3200

Registrant's telephone number, including area code)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, no par value	LYTS	NASDAQ Global Select Market

Indicate by checkmark 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 YES ☒ NO ☐

Indicate by checkmark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes YES ☒ NO ☐

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒	Emerging growth company ☐
Non-accelerated filer ☐	Smaller reporting company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ NO ☒

As of October 31, 2024 January 29, 2025, there were 29,838,315 29,921,385 shares of the registrant's common stock, no par value per share, outstanding.

LSI INDUSTRIES INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, DECEMBER 31, 2024

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LSI INDUSTRIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share data)	Three Months Ended September 30		Three Months Ended December 31		Six Months Ended December 31	
	2024	2023	2024	2023	2024	2023
Net sales	$ 138,095	$ 123,441				
Net Sales			$ 147,734	$ 109,005	$ 285,829	$ 232,446
Cost of products and services sold	104,448	86,852	112,873	77,469	217,321	164,321
Gross profit	33,647	36,589	34,861	31,536	68,508	68,125
Selling and administrative expenses	24,516	25,561	26,402	23,717	50,918	49,278
Operating income	9,131	11,028	8,459	7,819	17,590	18,847
Interest expense	875	566	728	453	1,603	1,019
Other (income)/expense	(61)	96				
Other expense (income)			382	(29)	322	67
Income before income taxes	8,317	10,366	7,349	7,395	15,665	17,761
Income tax expense	1,635	2,338	1,702	1,489	3,336	3,827
Net income	$ 6,682	$ 8,028	$ 5,647	$ 5,906	$ 12,329	$ 13,934
Earnings per common share (see Note 5)						
Basic	$ 0.23	$ 0.28	$ 0.19	$ 0.20	$ 0.41	$ 0.48
Diluted	$ 0.22	$ 0.27	$ 0.18	$ 0.20	$ 0.40	$ 0.47
Weighted average common shares outstanding						
Basic	29,593	28,757	29,930	29,024	29,761	28,890
Diluted	30,530	29,955	30,876	30,043	30,709	29,949

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)	Three Months Ended September 30 2024	Three Months Ended September 30 2023	Three Months Ended December 31 2024	Three Months Ended December 31 2023	Six Months Ended December 31 2024	Six Months Ended December 31 2023
Net income	$ 6,682	$ 8,028				
Net Income			$ 5,647	$ 5,906	$ 12,329	$ 13,934
Foreign currency translation adjustment	(109)	(56)	(48)	71	(157)	15
Comprehensive income	$ 6,573	$ 7,972				
Comprehensive Income			$ 5,599	$ 5,977	$ 12,172	$ 13,949

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

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LSI INDUSTRIES INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except shares)	September 30, 2024	June 30, 2024	December 31, 2024	June 30, 2024
ASSETS				
Current assets				
Cash and cash equivalents	$ 6,969	$ 4,110	$ 4,712	$ 4,110
Accounts receivable, less allowance for credit losses of $860 and $848, respectively	80,738	78,626		
Accounts receivable, less allowance for credit losses of $869 and $848, respectively			81,266	78,626
Inventories	71,262	70,913	69,426	70,913
Refundable income tax	2,404	3,197		
Refundable income taxes			2,677	3,197
Other current assets	5,517	5,653	5,324	5,653
Total current assets	166,890	162,499	163,405	162,499
Property, plant and equipment, at cost				

Property, Plant and Equipment, at cost				
Land	4,010	4,010	4,029	4,010
Buildings	24,757	24,757	24,729	24,757
Machinery and equipment	75,433	74,204	76,443	74,204
Buildings under finance leases	2,033	2,033	2,033	2,033
Construction in progress	1,161	1,611	987	1,611
	107,394	106,615	108,221	106,615
Less accumulated depreciation	(75,172)	(73,655)	(76,687)	(73,655)
Net property, plant and equipment	32,222	32,960	31,534	32,960
Goodwill	57,456	57,397	57,456	57,397
Intangible assets, net	72,508	73,916		
Other intangible assets, net			71,100	73,916
Operating lease right-of-use assets	14,958	15,912	15,517	15,912
Other long-term assets, net	5,468	6,116	5,533	6,116
Total assets	$ 349,502	$ 348,800	$ 344,545	$ 348,800

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

LSI INDUSTRIES INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except shares)	September 30, 2024	June 30, 2024	December 31, 2024	June 30, 2024
LIABILITIES & SHAREHOLDERS' EQUITY				
Current liabilities				
Current maturities of long-term debt	$ 3,571	$ 3,571	$ 3,571	$ 3,571
Accounts payable	33,845	32,192	32,322	32,192
Accrued expenses	42,652	43,444	42,655	43,444
Total current liabilities	80,068	79,207	78,548	79,207
Long-term debt	44,118	50,658	34,615	50,658
Finance lease liabilities	553	636	468	636
Operating lease liabilities	10,782	11,267	10,694	11,267
Other long-term liabilities	2,798	2,677	3,105	2,677
Commitments and contingencies (Note 13)				

Shareholders' Equity				
Preferred shares, without par value; Authorized 1,000,000 shares, none issued	-	-	-	-
Common shares, without par value; Authorized 50,000,000 shares; Outstanding 29,795,636 and 29,222,414 shares, respectively	158,101	156,365		
Common shares, without par value; Authorized 50,000,000 shares; Outstanding 29,891,100 and 29,222,414 shares, respectively			159,926	156,365
Treasury shares, without par value	(8,755)	(8,895)	(9,261)	(8,895)
Key Executive Compensation	8,755	8,895		
Deferred compensation plan			9,261	8,895
Retained earnings	52,989	47,788	57,144	47,788
Accumulated other comprehensive income	93	202	45	202
Total shareholders' equity	211,183	204,355	217,115	204,355
Total liabilities & shareholders' equity	$ 349,502	$ 348,800	$ 344,545	$ 348,800

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

LSI INDUSTRIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

(In thousands, except per share data)	Common Shares		Treasury Shares		Key Executive		Accumulated Other	Total
	Number Of Shares	Amount	Number Of Shares	Amount	Compensation Amount	Retained Earnings	Comprehensive Income (Loss)	Shareholders' Equity
(In thousands, except per share data)								
Balance at June 30, 2023	28,488	$ 148,691	(922)	$ (7,166)	$ 7,166	$ 28,548	$ 339	$ 177,578
Net Income	-	-	-	-	-	8,028	-	8,028
Other comprehensive (loss)	-	-	-	-	-	-	(56)	(56)
Board stock compensation	9	113	-	-	-	-	-	113
ESPP stock awards	3	57	-	-	-	-	-	57
Other comprehensive loss								

	Common Shares		Treasury Shares		Key Executive	Accu O
	Number Of		Number Of		Compensation	Compr
(In thousands, except per share data)	Shares	Amount	Shares	Amount	Amount	Incom
Balance at June 30, 2023	28,488	$ 148,691	(922)	$ (7,166)	$ 7,166	$
Net Income	-	-	-	-	-	
Other comprehensive loss	-	-	-	-	-	

Board stock compensation awards									9	113	-	-	-	
ESPP stock Awards									3	57				
Restricted stock units issued, net of shares withheld for tax withholdings	276	-	-	-	-	-	-	-						
Shares issued for deferred compensation	32	438	-	-	-	-	-	438	32	437	-	-	-	
Activity of treasury shares, net	-	-	(30)	(417)	-	-	-	(417)	-	-	(30)	(417)	-	
Deferred stock compensation	-	-	-	-	417	-	-	417	-	-	-	-	417	
Stock-based compensation expense		1,220	-	-	-	-	-	1,220		1,220	-	-	-	
Stock options exercised, net	70	549	-	-	-	-	-	549	70	549	-	-	-	
Dividends — $0.20 per share	-	-	-	-	-	(1,380)	-	(1,380)	-	-	-	-	-	
Balance at September 30, 2023	28,878	$ 151,068	(952)	$ (7,583)	$ 7,583	$ 35,196	$ 283	$ 186,547	28,878	$ 151,067	(952)	$ (7,583)	$ 7,583	$
Balance at June 30, 2024	29,222	$ 156,365	(1,036)	$ (8,895)	$ 8,895	$ 47,788	$ 202	$ 204,355						
Net Income	-	-	-	-	-	6,682	-	6,682	-	-	-	-	-	
Other comprehensive (loss)	-	-	-	-	-	-	(109)	(109)						
Board stock compensation	8	113	-	-	-	-	-	113						
ESPP stock awards	3	45	-					45						
Other comprehensive loss									-	-	-	-	-	
Board stock compensation awards									7	112	-	-	-	
ESPP stock Awards									4	41	-	-	-	

Restricted stock units issued, net of shares withheld for tax withholdings	492	(204)	-	-	-	-	-	(204)					
Shares issued for deferred compensation	32	487	-	-	-	-	-	487	36	506	-	-	-
Activity of treasury shares, net	-	-	42	140	-	-	-	140	-	-	(36)	(505)	-
Deferred stock compensation	-	-	-	-	(140)	-	-	(140)	-	-	-	-	505
Stock-based compensation expense		1,047	-	-	-	-	-	1,047	-	814	-	-	-
Stock options exercised, net	39	248	-	-	-	-	-	248	107	628	-	-	-
Dividends — $0.20 per share	-	-	-	-	-	(1,481)	-	(1,481)	-	-	-	-	-
Balance at September 30, 2024	29,796	$ 158,101	(994)	$ (8,755)	$ 8,755	$ 52,989	$ 93	$ 211,183					
Balance at December 31, 2023									29,060	$ 152,924	(988)	$ (8,088)	$ 8,088

	Common Shares		Treasury Shares		Key Executive	Accumulated Other		Total
	Number Of Shares	Amount	Number Of Shares	Amount	Compensation Amount	Comprehensive Income/(Loss)	Retained Earnings	Shareholders' Equity
Balance at June 30, 2024	29,222	$ 156,365	(1,036)	$ (8,895)	$ 8,895	202	$ 47,788	$ 204,355
Net Income	-	-	-	-	-	-	6,682	6,682
Other comprehensive loss	-	-	-	-	-	(109)	-	(109)
Board stock compensation awards	8	113	-	-	-	-	-	113
ESPP stock Awards	3	45	-	-	-	-	-	45
Restricted stock units issued, net of shares withheld for tax withholdings	492	(204)	-	-	-	-	-	(204)
Shares issued for deferred compensation	32	487	-	-	-	-	-	487
Activity of treasury shares, net	-	-	42	140	-	-	-	140
Deferred stock compensation	-	-	-	-	(140)	-	-	(140)
Stock-based compensation expense		1,047	-	-	-	-	-	1,047
Stock options exercised, net	39	248	-	-	-	-	-	248
Dividends — $0.20 per share	-	-	-	-	-	-	(1,481)	(1,481)
Balance at September 30, 2024	29,796	$ 158,101	(994)	$ (8,755)	$ 8,755	$ 93	$ 52,989	$ 211,183
Net Income	-	-	-	-	-	-	5,647	5,647
Other comprehensive loss	-	-	-	-	-	(48)	-	(48)

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Board stock compensation awards	7	112	-	-	-	-	-	112
ESPP stock Awards	5	65	-	-	-	-	-	65
Restricted stock units issued, net of shares withheld for tax withholdings	26	(374)						(374)
Shares issued for deferred compensation	27	507	-	-	-	-	-	507
Activity of treasury shares, net	-	-	(28)	(506)	-	-	-	(506)
Deferred stock compensation	-	-	-	-	506	-	-	506
Stock-based compensation expense	-	1,141	-	-	-	-	-	1,141
Stock options exercised, net	30	374	-	-	-	-	-	374
Dividends — $0.20 per share	-	-	-	-	-	-	(1,492)	(1,492)
Balance at December 31, 2024	29,891	$ 159,926	(1,022)	$ (9,261)	$ 9,261	$ 45	$ 57,144	$ 217,115

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

LSI INDUSTRIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

			Six Months Ended	
	Three Months Ended		December 31	
(In thousands)	September 30		2024	2023
	2024	2023		
Cash Flows from Operating Activities				
Net income	$ 6,682	$ 8,028	$ 12,329	$ 13,934
Non-cash items included in net income				
Depreciation and amortization	2,940	2,371	5,958	4,728
Deferred income taxes	742	(681)	558	(591)
Deferred compensation plan	487	437	994	943
ESPP discount			110	98
Stock compensation expense	1,047	1,220	2,188	2,034
ESPP discount	45	57		
Issuance of common shares as compensation	113	113	225	225
Loss on disposition of fixed assets	1	47		
(Gain) loss on disposition of fixed assets			(17)	141
Allowance for credit losses	29	(9)	21	25
Inventory obsolescence reserve	336	262	131	234
Changes in certain assets and liabilities:				
Changes in certain assets and liabilities				
Accounts receivable	(2,141)	(4,576)	(2,661)	5,496
Inventories	(685)	367	1,356	3,330
Refundable income taxes	793	1,772	223	1,087
Accounts payable	1,653	4,345	130	(6,070)
Accrued expenses and other	(2,009)	(4,634)	(44)	(6,529)
Customer Prepayments	1,813	1,473		

Customer prepayments			236	783
Net cash flows provided by operating activities	11,846	10,592	21,737	19,868
Cash Flows from Investing Activities				
Acquisition of EMI	(59)	-	(59)	-
Purchases of property, plant, and equipment	(759)	(1,393)		
Net cash flows (used in) investing activities	(818)	(1,393)		
Proceeds from the sale of fixed assets			46	26
Purchases of property, plant and equipment			(1,825)	(3,349)
Net cash flows used in investing activities			(1,838)	(3,323)
Cash Flows from Financing Activities				
Payments on long-term debt	(47,101)	(49,362)		
Borrowings on long-term debt	40,561	42,831		
Payments of long-term debt			(96,265)	(96,600)
Borrowings of long-term debt			80,222	82,921
Cash dividends paid	(1,481)	(1,380)	(2,973)	(2,826)
Shares withheld on employees' taxes	(204)	-		
Shares withheld for employees' taxes			(578)	(244)
Payments on financing lease obligations	(83)	(77)	(168)	(156)
Proceeds from stock option exercises	248	549	622	1,177
Net cash flows (used in) financing activities	(8,060)	(7,439)		
Net cash flows used in financing activities			(19,140)	(15,728)
Change related to Foreign Currency	(109)	(55)		
Change related to foreign currency			(157)	15
Increase in cash and cash equivalents	2,859	1,705	602	832
Cash and cash equivalents at beginning of period	4,110	1,828	4,110	1,828
Cash and cash equivalents at end of period	$ 6,969	$ 3,533	$ 4,712	$ 2,660

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

LSI INDUSTRIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 - INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements are unaudited and are prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information, and rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the interim financial statements include all normal adjustments and disclosures necessary to present fairly the Company's financial position as of September 30, 2024 December 31, 2024, the results of its operations for the three-month three and six-month periods ended September 30, 2024 December 31, 2024, and 2023, and its cash flows for the three-month six-month periods ended September 30, 2024 December 31, 2024, and 2023. These statements should be read in conjunction with the financial statements and footnotes included in the fiscal 2024 Annual Report on Form 10-K. Financial information as of June 30, 2024, has been derived from the Company's audited consolidated financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation:

A summary of the Company's significant accounting policies is included in Note 1 to the audited consolidated financial statements of the Company's fiscal 2024 Annual Report on Form 10-K.

Revenue Recognition:

The Company recognizes revenue when it satisfies the performance obligation in its customer contracts or purchase orders. Most of the Company's products have a single performance obligation which is satisfied at a point in time when control is transferred to the customer. Control is generally transferred at the time of shipment when title and risk of ownership passes to the customer. For customer contracts with multiple performance obligations, the Company allocates the transaction price and any discounts to each performance obligation based on relative standalone selling prices. Payment terms are typically within 30 to 90 days from the shipping date, depending on the terms with the customer. The Company offers standard warranties that do not represent separate performance obligations.

Installation is a separate performance obligation, except for the Company's digital signage products. For digital signage products, installation is not a separate performance obligation as the product and installation is the combined item promised in digital signage contracts. The Company is not always responsible for installation of products it sells and has no post-installation responsibilities other than standard warranties.

A number of the Company's display solutions and select lighting products are customized for specific customers. As a result, these customized products do not have an alternative use. For these products, the Company has a legal right to payment for performance to date and generally does not accept returns on these items. The measurement of performance is based upon cost plus a reasonable profit margin for work completed. Because there is no alternative use and there is a legal right to payment, the Company transfers control of the item as the item is being produced and therefore recognizes revenue over time. The customized product types are as follows:

- Customer specific branded print graphics
- Electrical components based on customer specifications
- Digital signage and related media content

The Company also offers installation services for its display solutions elements and select lighting products. Installation revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided through the installation process.

For these customized products and installation services, revenue is recognized using a cost-based input method: recognizing revenue and gross profit as work is performed based on the relationship between the actual cost incurred and the total estimated cost for the performance obligation.

On occasion, the Company enters into bill-and-hold arrangements on a limited basis. Each bill-and-hold arrangement is reviewed and revenue is recognized only when certain criteria have been met: (1) the customer has requested delayed delivery and storage of the products by the Company because the customer wants to secure a supply of the products but lacks storage space; (ii) the risk of ownership has passed to the customer; (iii) the products are segregated from the Company's other inventory items held for sale; (iv) the products are ready for shipment to the customer; and (v) the Company does not have the ability to use the products or direct them to another customer.

Disaggregation of Revenue

The Company disaggregates the revenue from contracts with customers by the timing of revenue recognition because the Company believes it best depicts the nature, amount, and timing of its revenue and cash flows. The table below presents a reconciliation of the disaggregation by reportable segments:

(In thousands)	Three Months Ended September 30, 2024	
	Lighting Segment	Display Solutions Segment
Timing of revenue recognition		
Products and services transferred at a point in time	$ 48,211	$ 62,094

Products and services transferred over time	10,226	17,564
	$ 58,437	$ 79,658
Type of Product and Services		
LED lighting, digital signage solutions, electronic circuit boards	$ 47,429	$ 8,436
Poles and other display solutions elements	10,393	55,703
Project management, installation services, shipping and handling	615	15,519
	$ 58,437	$ 79,658

(In thousands)	Three Months Ended September 30, 2023		Three Months Ended			
			December 31, 2024		December 31, 2023	
	Lighting Segment	Display Solutions Segment	Lighting Segment	Display Solutions Segment	Lighting Segment	Display Solutions Segment
Timing of revenue recognition						
Products and services transferred at a point in time	$ 57,652	$ 39,988	$ 48,366	$ 68,046	$ 54,619	$ 29,268
Products and services transferred over time	9,989	15,812	9,844	21,478	10,176	14,942
	$ 67,641	$ 55,800	$ 58,210	$ 89,524	$ 64,795	$ 44,210
Type of Product and Services						
LED lighting, digital signage solutions, electronic circuit boards	$ 55,491	$ 8,933				
Poles and other display solutions elements	11,383	34,869				
Project management, installation services, shipping and handling	767	11,998				
	$ 67,641	$ 55,800				

	Three Months Ended			
	December 31, 2024		December 31, 2023	
	Lighting Segment	Display Solutions Segment	Lighting Segment	Display Solutions Segment
Type of Product and Services				
LED lighting, digital signage solutions, electronic circuit boards	$ 47,580	$ 9,310	$ 53,116	$ 8,791
Poles, other display solution elements	9,945	60,726	10,968	24,829
Project management, installation services, shipping and handling	685	19,488	711	10,590
	$ 58,210	$ 89,524	$ 64,795	$ 44,210

	Six Months Ended			
	December 31, 2024		December 31, 2023	
	Lighting Segment	Display Solutions Segment	Lighting Segment	Display Solutions Segment
Timing of revenue recognition				
Products and services transferred at a point in time	$ 96,577	$ 130,140	$ 112,271	$ 69,256
Products and services transferred over time	20,069	39,043	20,165	30,754
	$ 116,646	$ 169,183	$ 132,436	$ 100,010

	Six Months Ended			
	December 31, 2024		December 31, 2023	
	Lighting Segment	Display Solutions Segment	Lighting Segment	Display Solutions Segment
Type of Product and Services				
LED lighting, digital signage solutions, electronic circuit boards	$ 95,009	$ 17,746	$ 108,607	$ 17,724

Poles, other display solution elements		20,338		116,429		22,351		59,698
Project management, installation services, shipping and handling		1,299		35,008		1,478		22,588
	$	116,646	$	169,183	$	132,436	$	100,010

Practical Expedients and Exemptions

- The Company's contracts with customers have an expected duration of one year or less, as such, the Company applies the practical expedient to expense sales commissions as incurred and has omitted disclosures on the amount of remaining performance obligations.
- Shipping costs that are not material in context of the delivery of products are expensed as incurred.
- The Company's accounts receivable balance represents the Company's unconditional right to receive payment from its customers with contracts. Payments are generally due within 30 to 90 days of completion of the performance obligation and invoicing; therefore, payments do not contain significant financing components.
- The Company collects sales tax and other taxes concurrent with revenue-producing activities which are excluded from revenue. Shipping and handling costs are treated as fulfillment activities and included in cost of products and services sold on the Consolidated Statements of Operations.

New Accounting Pronouncements:

In October 2023, the FASB issued ASU *2023-06,* Disclosure Improvements: Codification Amendments in Response to SEC's Disclosure Update and Simplification Initiative. This ASU amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-*X* or Regulation S-K becomes effective, with early adoption prohibited. The Company will monitor the removal of various requirements from the current regulations in order to determine when to adopt the related amendments, but it does *not* anticipate that the adoption of the new guidance will have a material impact on the Company's consolidated financial statements and related disclosures. The Company will continue to evaluate the impact of this guidance on its consolidated financial statements.

In November 2023*,* the FASB issued ASU 2023-07, Segment Reporting (Topic *280*): Improvements to Reportable Segment Disclosures. This ASU expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The standard requires interim and annual disclosure of significant segment expenses that are regularly provided to the chief operating decision-maker ("CODM") and included within the reported measure of a segment's profit or loss, requires interim disclosures about a reportable segment's profit or loss and assets that are currently required annually, requires disclosure of the position and title of the CODM, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, and contains other disclosure requirements. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, *with* early adoption permitted. The Company is currently evaluating the effect of this new guidance on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09*,* Income Taxes (Topic 740*):* Improvements to Income Tax Disclosures. This ASU requires additional disclosures of various income tax components that affect the rate reconciliation based on the applicable taxing jurisdictions, as well as the qualitative and quantitative aspects of those components. The standard also requires information pertaining to taxes paid to be disaggregated for federal, state and foreign taxes, and contains other disclosure requirements. This ASU is effective for fiscal years beginning after December 15, 2024*,* and interim periods within fiscal years beginning after December 15, 2025*,* with early adoption permitted. The Company is currently evaluating the effect of this new guidance on its consolidated financial statements and related disclosures.

NOTE 3 - — ACQUISITION OF EMI INDUSTRIES, LLC

On April 18, 2024, the Company entered into and consummated the transactions contemplated by an asset purchase agreement with EMI Industries, LLC (EMI), a Florida-based metal and millwork manufacturer of standard and customized fixtures, displays and equipment for the convenience store, supermarket and restaurant industries, for $50.0 million, of which $0.1 million of the purchase price was retained pending a review of the acquired working capital. In the first quarter of fiscal 2025, the company funded an additional $59,000 related to the final settlement of the acquired working capital. The Company incurred acquisition-related costs totaling $1.0 million which are included in the selling and administrative expense line of the consolidated statements of operations. The acquisition of EMI is expected to increase the Company's total addressable markets within the grocery, quick service restaurant and convenience store verticals. The Company funded the acquisition totaling $49.9 million with a combination of cash on hand and from the $75 million revolving line of credit.

The Company accounted for this transaction as a business combination. The Company has preliminarily allocated the purchase price of approximately $49.9 million which includes an estimate of customary post-closing purchase price adjustments to the assets acquired and liabilities assumed at estimated fair values, and the excess of the purchase price over the aggregate fair values is recorded as goodwill. This preliminary allocation is subject to the final determination of the purchase price which will be finalized in fiscal 2025, as well as the potential revision resulting from the finalization of pre-acquisition tax filings. The preliminary allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed as of April 18, 2024, is as follows:

(In thousands)	April 18, 2024 as initially reported	Adjustments	April 18, 2024 as adjusted
Accounts Receivable	$ 11,386	$ -	$ 11,386
Inventory	12,246	-	12,246
Property, Plant and Equipment	7,719	-	7,719
Operating Lease Right-Of-Use Assets	8,734	-	8,734
Other Assets	1,176	-	1,176
Intangible Assets	15,670	-	15,670
Accounts Payable	(7,103)	-	(7,103)
Accrued Expenses	(6,308)	-	(6,308)
Operating Lease Liabilities	(5,987)	-	(5,987)
Identifiable Assets	37,533	-	37,533
Goodwill	12,367	59	12,426
Net Purchase Consideration	$ 49,900	$ 59	$ 49,959

The gross amount of accounts receivable acquired was $11.9 million.

Goodwill recorded from the acquisition of EMI is attributable to the impact of the positive cash flow from EMI in addition to expected synergies from the business combination. The goodwill resulting from the acquisition is deductible for tax purposes. The trade name and technology used an income (relief from royalty) approach, the non-compete used an income (with or without) approach, and the customer relationships used an income (excess earnings) approach. The following table presents the details of the intangible assets acquired at the date of acquisition:

(in thousands)	Estimated Fair Value	Estimated Useful Life (Years)
Tradename	$ 4,880	Indefinite life
Technology assets	3,160	7
Non-compete	140	5
Customer relationships	7,490	20
	$ 15,670	

EMI's post-acquisition results of operations for the period from April 18, 2024, through June 30, 2024, are included in the Company's Consolidated Statements of Operations. Since the acquisition date, net sales of EMI for the period from April 18, 2024, through June 30, 2024, were $18.1 million and operating income was $0.7 million. The operating results of EMI are included in the Display Solutions Segment.

Pro Forma Impact of the Acquisition of EMI *(Unaudited)*

The following table represents unaudited pro forma results of operations and gives effect to the acquisition of EMI as if the transaction had occurred on July 1, 2022. The unaudited pro forma results of operations have been prepared for comparative purposes only and are not necessarily indicative of what would have occurred had the business combination been completed at the beginning of the period or the results that may occur in the future. Furthermore, the unaudited pro forma financial information does not reflect the impact of any synergies or operating efficiencies resulting from the acquisition of EMI.

The unaudited pro forma financial information for the twelve months ended June 30, 2024, and June 30, 2023, is prepared using the acquisition method of accounting and has been adjusted to reflect the pro forma events that are: (1) directly attributable to the acquisition; (2) factually supportable; and (3) expected to have a continuing impact on the combined results. The fiscal 2024 unaudited pro forma operating income of $36.3 million excludes acquisition-related expenses of $1.0 million.

	Twelve Month Ended June 30		Twelve Months Ended June 30	
(in thousands; unaudited)	2024	2023	2024	2023
Sales	$ 535,849	$ 578,169	$ 535,849	$ 578,169
Gross Profit	$ 141,788	$ 147,967	$ 141,788	$ 147,967
Operating Income	$ 36,303	$ 38,798	$ 36,303	$ 38,798

NOTE 4 - SEGMENT REPORTING INFORMATION

The accounting guidance on Segment Reporting establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information of those segments to be presented in financial statements. Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision maker (the Company's Chief Executive Officer or "CODM") in making decisions on how to allocate resources and assess performance. The Company's two operating segments are Lighting and Display Solutions, with one executive team under the organizational structure reporting directly to the CODM with responsibilities for managing each segment. Corporate and Eliminations, which captures the Company's corporate administrative activities, is also reported in the segment information.

The Lighting Segment includes non-residential outdoor and indoor lighting fixtures utilizing LED light sources that have been fabricated and assembled for the Company's markets, primarily the refueling and convenience store markets, parking lot and garage markets, quick-service restaurant market, retail and grocery store markets, the automotive market, the warehouse market, and the sports court and field market. The Company also services lighting product customers through the commercial and industrial project, stock and flow, and renovation channels. In addition to the manufacture and sale of lighting fixtures, the Company offers a variety of lighting controls to complement its lighting fixtures which include sensors, photocontrols, dimmers, motion detection and Bluetooth systems. The Lighting Segment also includes the design, engineering and manufacturing of electronic circuit boards, assemblies and sub-assemblies which are sold directly to customers.

The Display Solutions Segment manufactures, sells and installs exterior and interior visual image and display elements, including printed graphics, structural graphics, digital signage, menu board systems, millwork display fixtures, refrigerated displays, food equipment, countertops, and other custom display elements. These products are used in visual image programs in several markets including the refueling and convenience store markets, parking lot and garage markets, quick-service and casual restaurant market, retail and grocery store, and other retail markets. The Company accesses its customers primarily through a direct sale model utilizing its own sales force. Sales through distribution represents a small portion of Display Solutions sales. The Display Solutions Segment also provides a variety of project management services to complement our display elements, such as installation management, site surveys, permitting, and content management which are offered to our customers to support our digital signage.

The Company's corporate administration activities are reported in the Corporate and Eliminations line item. These activities primarily include intercompany profit in inventory eliminations, expense related to certain corporate officers and support staff, the Company's internal audit staff, expense related to the Company's Board of Directors, equity compensation expense for various equity awards granted to corporate administration employees, certain consulting expenses, investor relations activities, and a portion of the Company's legal, auditing, and professional fee expenses. Corporate identifiable assets primarily consist of cash, invested cash (if any), refundable income taxes (if any), and deferred income taxes.

There were no customers or customer programs representing a concentration of 10% or more of the Company's consolidated net sales in the three and six months ended September 30, 2024 December 31, 2024, or 2023. There was no concentration of accounts receivable at September 30, 2024 December 31, 2024, or 2023.

Summarized financial information for the Company’s operating segments is provided for the indicated periods and as of September 30, 2024 December 31, 2024, and September 30, 2023 December 31, 2023:

(In thousands)	Three Months Ended September 30		Three Months Ended December 31		Six Months Ended December 31	
	2024	2023	2024	2023	2024	2023
Net Sales:						
Lighting Segment	$ 58,437	$ 67,641	$ 58,210	$ 64,795	$ 116,646	$ 132,436
Display Solutions Segment	79,658	55,800	89,524	44,210	169,183	100,010
	$ 138,095	$ 123,441	$ 147,734	$ 109,005	$ 285,829	$ 232,446
Operating Income (Loss):						
Lighting Segment	$ 5,759	$ 8,753	$ 5,972	$ 8,856	$ 11,731	$ 17,609
Display Solutions Segment	7,708	7,219	$ 8,127	3,302	15,834	10,521
Corporate and Eliminations	(4,336)	(4,944)	(5,640)	(4,339)	(9,975)	(9,283)
	$ 9,131	$ 11,028	$ 8,459	$ 7,819	$ 17,590	$ 18,847
Capital Expenditures:						
Lighting Segment	$ 712	$ 862	$ 509	$ 1,151	$ 1,221	$ 2,013
Display Solutions Segment	47	519	$ 529	529	576	1,048
Corporate and Eliminations	-	12	28	276	28	288
	$ 759	$ 1,393	$ 1,066	$ 1,956	$ 1,825	$ 3,349
Depreciation and Amortization:						
Lighting Segment	$ 1,212	$ 1,309	$ 1,281	$ 1,293	$ 2,493	$ 2,602
Display Solutions Segment	1,635	976	$ 1,656	989	3,291	1,965
Corporate and Eliminations	93	86	$ 81	75	174	161
	$ 2,940	$ 2,371	$ 3,018	$ 2,357	$ 5,958	$ 4,728

	September 30, 2024	June 30, 2024	December 31, 2024	June 30, 2024
Identifiable Assets:				
Total Assets:				
Lighting Segment	$ 125,965	$ 130,695	$ 119,006	$ 130,695
Display Solutions Segment	214,534	208,248	215,824	208,248
Corporate and Eliminations	9,003	9,857	9,715	9,857
	$ 349,502	$ 348,800	$ 344,545	$ 348,800

The segment net sales reported above represent sales to external customers. Segment operating income, which is used in management’s evaluation of segment performance, represents net sales less all operating expenses. Identifiable assets are those assets used by each segment in its operations.

The Company records a 10% mark-up on intersegment revenues. Any intersegment inter-segment profit in inventory is eliminated in consolidation. Intersegment revenues were eliminated in consolidation as follows:

Inter-segment sales

(In thousands)	Three Months Ended September 30		Three Months Ended December 31		Six Months Ended December 31	
	2024	2023	2024	2023	2024	2023
Lighting Segment inter-segment net sales	$ 5,984	$ 6,864	$ 6,053	$ 5,286	$ 12,037	$ 12,150

Display Solutions Segment inter-segment net sales	$	171	$	455	$	133	$	(15)	$	304	$	440

NOTE 5 - EARNINGS PER COMMON SHARE

The following table presents the amounts used to compute basic and diluted earnings per common share, as well as the effect of dilutive potential common shares on weighted average shares outstanding:

(in thousands, except per share data)	Three Months Ended September 30	
	2024	2023
BASIC EARNINGS PER SHARE		
Net Income	$ 6,682	$ 8,028
Weighted average shares outstanding during the period, net of treasury shares	28,514	27,738
Weighted average vested restricted stock units outstanding	90	82
Weighted average shares outstanding in the Deferred Compensation Plan during the period	989	937
Weighted average shares outstanding	29,593	28,757
Basic income per share	$ 0.23	$ 0.28
DILUTED EARNINGS PER SHARE		
Net Income	$ 6,682	$ 8,028
Weighted average shares outstanding		
Basic	29,593	28,757
Effect of dilutive securities (a):		
Impact of common shares to be issued under stock option plans, and Contingently issuable shares, if any	937	1,198
Weighted average shares outstanding	30,530	29,955
Diluted income per share	$ 0.22	$ 0.27
Anti-dilutive securities (b)	265	-

	Three Months Ended December 31		Six Months Ended December 31	
	2024	2023	2024	2023
BASIC EARNINGS PER SHARE				
Net income	$ 5,647	$ 5,906	$ 12,329	$ 13,934
Weighted average shares outstanding during the period, net of treasury shares	28,848	27,979	28,681	27,858

Weighted average vested restricted stock units outstanding	72	76	81	78
Weighted average shares outstanding in the Deferred Compensation Plan during the period	1,010	969	999	954
Weighted average shares outstanding	29,930	29,024	29,761	28,890
Basic earnings per common share	$ 0.19	$ 0.20	$ 0.41	$ 0.48
DILUTED EARNINGS PER SHARE				
Net income	$ 5,647	$ 5,906	$ 12,329	$ 13,934
Weighted average shares outstanding:				
Basic	29,930	29,024	29,761	28,890
Effect of dilutive securities (a):				
Impact of common shares to be issued under stock option plans, and contingently issuable shares, if any	946	1,019	948	1,059
Weighted average shares outstanding	30,876	30,043	30,709	29,949
Diluted earnings per common share	$ 0.18	$ 0.20	$ 0.40	$ 0.47
Anti-dilutive securities (b)	265	-	265	-

(a) Calculated using the "Treasury Stock" method as if dilutive securities were exercised and the funds were used to purchase common shares at the average market price during the period.

(b) Anti-dilutive securities were excluded from the computation of diluted net income per share for the three and six months ended September 30, 2024 December 31, 2024, and September 30, 2023 December 31, 2023, because the exercise price was greater than the average fair market price of the common shares or because the assumed proceeds from the award's exercise or vesting was greater than the average fair market price of the common shares.

NOTE 6 – INVENTORIES, NET

The following information is provided as of the dates indicated:

(In thousands)	September 30, 2024	June 30, 2024	December 31, 2024	June 30, 2024
Inventories:				
Raw materials	$ 52,608	$ 52,644	$ 49,388	$ 52,644
Work-in-progress	6,344	6,244	6,891	6,244
Finished goods	12,310	12,025	13,147	12,025
Total Inventories	$ 71,262	$ 70,913	$ 69,426	$ 70,913

NOTE 7 - ACCRUED EXPENSES

The following information is provided as of the dates indicated:

(In thousands)	September 30, 2024	June 30, 2024	December 31, 2024	June 30, 2024
Accrued Expenses:				
Customer prepayments	$ 10,291	$ 8,475	$ 8,714	$ 8,475
Compensation and benefits	9,256	10,217	9,110	9,704
Accrued warranty	6,564	6,623	6,653	6,623
Operating lease liabilities			5,619	5,560
Accrued sales commissions	2,668	3,937	2,691	3,937
Accrued freight	2,159	2,270		
Operating lease liabilities	5,182	5,560		
Accrued Freight			2,353	2,270
Accrued FICA			492	513
Finance lease liabilities	324	324	327	324
Other accrued expenses	6,208	6,038	6,696	6,038
Total Accrued Expenses	$ 42,652	$ 43,444	$ 42,655	$ 43,444

NOTE 8 - GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying values of goodwill and other intangible assets with indefinite lives are reviewed at least annually for possible impairment. The Company may first assess qualitative factors in order to determine if goodwill and indefinite-lived intangible assets are impaired. If through the qualitative assessment it is determined that it is more likely than not that goodwill and indefinite-lived assets are not impaired, no further testing is required. If it is determined more likely than not that goodwill and indefinite-lived assets are impaired, or if the Company elects not to first assess qualitative factors, the Company's impairment testing continues with the estimation of the fair value of the reporting unit using a combination of a market approach and an income (discounted cash flow) approach, at the reporting unit level. The estimation of the fair value of the reporting unit requires significant management judgment with respect to revenue and expense growth rates, changes in working capital and the selection and use of an appropriate discount rate. The estimates of the fair value of reporting units are based on the best information available as of the date of the assessment. The use of different assumptions would increase or decrease estimated discounted future operating cash flows and could increase or decrease an impairment charge. Company management uses its judgment in assessing whether assets may have become impaired between annual impairment tests. Indicators such as adverse business conditions, economic factors and technological change or competitive activities may signal that an asset has become impaired.

The Company identified its reporting units in conjunction with its annual goodwill impairment testing. The Company has a total of four reporting units that contain goodwill. One reporting unit is within the Lighting Segment and three reporting units are within the Display Solutions Segment. The tradename intangible assets have an indefinite life and are also tested separately on an annual basis. The Company relies upon a number of factors, judgments and estimates when conducting its impairment testing including, but not limited to, the Company's stock price, operating results, forecasts, anticipated future cash flows, and marketplace data. There are inherent uncertainties related to these factors and judgments in applying them to the analysis of goodwill impairment.

The following table presents information about the Company's goodwill on the dates or for the periods indicated:

(In thousands)	Lighting Segment	Display Solutions Segment	Total
Balance as of September 30, 2024			
Goodwill	$ 70,971	$ 75,773	$ 146,744
Accumulated impairment losses	(61,763)	(27,525)	(89,288)

Goodwill, net as of September 30, 2024	$ 9,208	$ 48,248	$ 57,456
Balance as of June 30, 2024			
Goodwill	$ 70,971	$ 75,714	$ 146,685
Accumulated impairment losses	(61,763)	(27,525)	(89,288)
Goodwill, net as of June 30, 2024	$ 9,208	$ 48,189	$ 57,397

Goodwill (In thousands)	Lighting Segment	Display Solutions Segment	Total
Balance as of December 31, 2024			
Goodwill	$ 70,971	$ 75,773	$ 146,744
Accumulated impairment losses	(61,763)	(27,525)	(89,288)
Goodwill, net as of December 31, 2024	$ 9,208	$ 48,248	$ 57,456
Balance as of June 30, 2024			
Goodwill	$ 70,971	$ 75,714	$ 146,685
Accumulated impairment losses	(61,763)	(27,525)	(89,288)
Goodwill, net as of June 30, 2024	$ 9,208	$ 48,189	$ 57,397

The gross carrying amount and accumulated amortization by each major intangible asset class is as follows:

Other Intangible Assets (In thousands)	September 30, 2024 Gross Carrying Amount	September 30, 2024 Accumulated Amortization	September 30, 2024 Net Amount	December 31, 2024 Gross Carrying Amount	December 31, 2024 Accumulated Amortization	December 31, 2024 Net Amount
Amortized Intangible Assets						
Customer relationships	$ 69,573	$ 22,310	$ 47,263	$ 69,573	$ 23,227	$ 46,346
Patents	268	268	-	268	268	-
LED technology, software	24,126	17,444	6,682			
LED technology firmware, software				24,126	17,876	6,250
Trade name	2,658	1,292	1,366	2,658	1,319	1,339
Non-compete	400	185	215	400	217	183
Total Amortized Intangible Assets	$ 97,025	$ 41,499	$ 55,526	97,025	42,907	54,118
Indefinite-lived Intangible Assets						
Trademarks and trade names	16,982	-	16,982	16,982	-	16,982
Total indefinite-lived Intangible Assets	16,982	-	16,982	16,982	-	16,982
Total Other Intangible Assets	$ 114,007	$ 41,499	$ 72,508	$ 114,007	$ 42,907	$ 71,100

Other Intangible Assets (In thousands)	June 30, 2024 Gross Carrying Amount	June 30, 2024 Accumulated Amortization	June 30, 2024 Net Amount	June 30, 2024 Gross Carrying Amount	June 30, 2024 Accumulated Amortization	June 30, 2024 Net Amount
Amortized Intangible Assets						
Customer relationships	$ 69,573	$ 21,332	$ 48,241	$ 69,573	$ 21,332	$ 48,241
Patents	268	268	-	268	268	-
LED technology, software	24,126	17,058	7,068			

LED technology firmware, software				24,126	17,058	7,068
Trade name	2,658	1,265	1,393	2,658	1,265	1,393
Non-compete	400	168	232	400	168	232
Total Amortized Intangible Assets	$ 97,025	$ 40,091	$ 56,934	97,025	40,091	56,934
Indefinite-lived Intangible Assets						
Trademarks and trade names	16,982	-	16,982	16,982	-	16,982
Total indefinite-lived Intangible Assets	16,982	-	16,982	16,982	-	16,982
Total Other Intangible Assets	$ 114,007	$ 40,091	$ 73,916	$ 114,007	$ 40,091	$ 73,916

(In thousands)	2024	2023
Amortization expense of other intangible assets	$ 1,408	$ 1,190

	Three Months Ended December 31		Six Months Ended December 31	
(In thousands)	2024	2023	2024	2023
Amortization Expense of Other Intangible Assets	$ 1,408	$ 1,190	$ 2,816	$ 2,380

The Company expects to record annual amortization expense as follows:

(In thousands)	
2025	$ 5,739
2026	$ 5,733
2027	$ 5,512
2028	$ 5,125
2029	$ 4,497
After 2029	$ 30,328

NOTE 9 - DEBT

The Company's long-term debt as of September 30, 2024 December 31, 2024, and June 30, 2024, consisted of the following:

(In thousands)	September 30, 2024	June 30, 2024
Secured line of credit	$ 33,415	$ 38,766
Term loan, net of debt issuance costs of $12 and $14, respectively	14,274	15,463
Total debt	47,689	54,229
Less: amounts due within one year	3,571	3,571
Total amounts due after one year, net	$ 44,118	$ 50,658

(In thousands)	December 31, 2024	June 30, 2024
Secured line of credit	$ 24,803	$ 38,766

Term loan, net of debt issuance costs of $10 and $14, respectively		13,383		15,463
Total debt	$	38,186	$	54,229
Less: amounts due within one year		3,571		3,571
Total amounts due after one year, net	$	34,615	$	50,658

In September 2021, the Company amended its existing $100 million secured line of credit, to a $25 million term loan and $75 million remaining as a secured revolving line of credit. Both facilities expire in the third first quarter of fiscal 2026. 2027. The principal of the term loan is repaid annually in the amount of $3.6 million over a five-year period with a balloon payment of the remaining balance due on the last month. Interest on both the revolving line of credit and the term loan is charged based upon an increment over the Secured Overnight Financing Rate (SOFR) or a base rate, at the Company's option. The base rate is calculated as the highest of (a) the Prime rate, (b) the sum of the Overnight Funding Rate plus 50 basis points and (c) the sum of the Daily SOFR Rate plus 100 basis points. The increment over the SOFR borrowing rate fluctuates between 100 and 225 basis points, and the increment over the Base Rate fluctuates between 0 and 125 basis points, both of which depend upon the ratio of indebtedness to earnings before interest, taxes, depreciation, and amortization ("EBITDA"), as defined in the line of credit agreement. As of September 30, 2024 December 31, 2024, the Company's borrowing rate against its revolving line of credit was 6.0% 5.7%. The increment over the SOFR borrowing rate will be 100 basis points for the second third quarter of fiscal 2025. The fee on the unused balance of the $75 million committed line of credit fluctuates between 15 and 25 basis points. Under the terms of this line of credit, the Company is required to comply with financial covenants that limit the ratio of indebtedness to EBITDA and require a minimum fixed charge ratio. As of September 30, 2024 December 31, 2024, there was $41.6 million $50.2 million available for borrowing under the $75 million line of credit.

The Company is in compliance with all of its loan covenants as of September 30, 2024 December 31, 2024.

NOTE 10 - CASH DIVIDENDS

The Company paid cash dividends of $1.5 million $3.0 million and $1.4 million $2.8 million for the three six months ended September 30, 2024 December 31, 2024, and September 30, 2023 December 31, 2023, respectively. Dividends on restricted stock units in the amount of $0.2 million and $0.1 million $0.1million were accrued as of both September 30, 2024 December 31, 2024, and 2023, respectively. These dividends will be paid upon the vesting of the restricted stock units when shares are issued to the award recipients. In November 2024, January 2025, the Board of Directors declared a regular quarterly cash dividend of $0.05 per share payable November 26, 2024 February 11, 2025, to shareholders of record as of November 18, 2024 February 3, 2025. The indicated annual cash dividend rate is $0.20 per share.

NOTE 11 – EQUITY COMPENSATION

In November 2022, the Company's shareholders approved the amendment and restatement of the 2019 Omnibus Award Plan ("2019 Omnibus Plan") which increased the number of shares authorized for issuance under the plan by 2,350,000 and removed the Plan's fungible share counting feature. The purpose of the 2019 Omnibus Plan is to provide a means to attract and retain key personnel and to align the interests of the directors, officers, and employees with the Company's shareholders. The plan also provides a vehicle whereby directors and officers may acquire shares in order to meet the ownership requirements under the Company's Stock Ownership Policy. The 2019 Omnibus Plan allows for the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock units RSUs, performance stock units ("PSUs") and other awards. Except for Restricted Stock Unit ("RSU") grants which are time-based, participants in the Company's Long-Term Equity Compensation Plans are awarded the opportunity to acquire shares over a three three-year-year performance measurement period tied to specific company performance metrics. The number of shares that remain reserved for issuance under the 2019 Omnibus Plan is 1,438,315 1,403,708 as of September 30, 2024 December 31, 2024.

In the three months ended September 30, 2024, first quarter of fiscal 2025, the Company granted 160,826 PSUs and 107,217 RSUs, both with a weighted average market value of $14.92. Stock compensation expense was $1.1 million and $1.2 million $0.8 million for both the three months ended September 30, 2024 December 31, 2024, and 2023, respectively, and $2.2 million and $2.0 million in the six months ended December 31, 2024, and 2023, respectively.

In November of 2021, our board of directors approved the LSI Employee Stock Purchase Plan ("ESPP"). A total of 270,000 shares of common stock were provided for issuance under the ESPP. Employees may participate at their discretion and are able to purchase, through payroll deduction, common stock at a 10% discount on a quarterly basis. Employees may end their participation at any time during the offering period, and participation ends automatically upon termination of employment with the company. During fiscal year 2025, employees purchased 3,000 8,000 shares. At September 30, 2024 December 31, 2024, 239,000 234,000 shares remained available for purchase under the ESPP.

NOTE 12 - SUPPLEMENTAL CASH FLOW INFORMATION

(in thousands)	Three Months Ended		Six Months Ended	
	September 30			
(In thousands)			December 31	
	2024	2023	2024	2023
Cash Payments:				
Interest	$ 865	$ 548	$ 1,460	$ 1,006
Income taxes	$ 40	$ 1,075	$ 2,321	$ 3,375
Non-cash investing and financing activities				
Issuance of common shares as compensation	$ 113	$ 113	$ 225	$ 225
Issuance of common shares to fund deferred compensation plan	$ 487	$ 437	$ 994	$ 943
Issuance of common shares to fund ESPP plan	$ 45	$ 57	$ 110	$ 98

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Company is party to various negotiations, customer bankruptcies, and legal proceedings arising in the normal course of business. The Company provides reserves for these matters when a loss is probable and reasonably estimable. The Company does not disclose a range of potential loss because the likelihood of such a loss is remote. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, cash flows or liquidity.

The Company may occasionally issue a standby letter of credit in favor of third parties. As of September 30, 2024 December 31, 2024, there were no such standby letters of credit issued.

NOTE 14 - LEASES

The Company leases certain manufacturing facilities along with a small office space, several forklifts, several small tooling items, and various items of office equipment. All but two of the Company's leases are operating leases. Leases have a remaining term of one to seven years some of which have an option to renew. The Company does not assume renewals in determining the lease term unless the renewals are deemed reasonably certain. The lease agreements do not contain any material residual guarantees or material variable lease payments. The number of operating leases increased in fiscal 2024 as a result of the acquisition of EMI; most of EMI's operating leases are building leases.

The Company has periodically entered into short-term operating leases with an initial term of twelve months or less. The Company elected not to record these leases on the balance sheet. The rent expense for these leases was immaterial for September 30, 2024 December 31, 2024, and 2023.

The Company has certain leases that contain lease and non-lease components and has elected to utilize the practical expedient to account for these components together as a single lease component.

Lease expense is recognized on a straight-line basis over the lease term. The Company used its incremental borrowing rate when determining the present value of lease payments.

	Three Months Ended September 30		Three Months Ended December 31		Six Months Ended December 31	
(In thousands)	2024	2023	2024	2023	2024	2023
Operating lease cost	$ 1,622	$ 906	$ 1,610	$ 993	$ 3,231	$ 1,900
Financing lease cost:						
Amortization of right of use assets	73	73	73	73	145	146
Interest on lease liabilities	11	15	10	14	22	28
Variable lease cost	7	22	-	22	7	44

Sublease income	(39)	-	-	(116)	(39)	(232)
Total lease cost	$ 1,674	$ 1,016	$ 1,693	$ 986	$ 3,366	$ 1,886

Supplemental Cash Flow Information:			Six Months Ended	
	Three Months Ended		December 31	
Supplemental Cash Flow Information	September 30			
(in thousands)	2024	2023		
(In thousands)			2024	2023
Cash flows from operating leases				
Fixed payments - operating lease cash flows	$ 1,629	$ 764		
Fixed payments - operating cash flows			$ 3,298	$ 1,778
Liability reduction - operating cash flows	$ 1,380	$ 680	$ 2,813	$ 1,537
Cash flows from finance leases				
Interest - operating cash flows	$ 11	$ 15	$ 21	$ 28
Repayments of principal portion - financing cash flows	$ 83	$ 77	$ 168	$ 156

Operating Leases:	September 30, 2024	June 30, 2024	December 31, 2024	June 30, 2024
Total operating right-of-use assets	$ 14,958	$ 15,912	$ 15,517	$ 15,912
Accrued Expenses	5,182	5,560		
Accrued expenses (Current liabilities)			$ 5,619	$ 5,560
Long-term operating lease liability	10,782	11,267	10,694	11,267
Total operating lease liabilities	$ 15,964	$ 16,827	$ 16,313	$ 16,827
Weighted Average remaining Lease Term (in years)	3.35	3.49	3.40	3.49
Weighted Average Discount Rate	5.93 %	5.90 %	5.82 %	5.90 %

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Financing Leases	September 30, 2024	June 30, 2024		
Finance Leases:			December 31, 2024	June 30, 2024
Buildings under finance leases	$ 2,033	$ 2,033	$ 2,033	$ 2,033
Equipment under finance leases	-	41	-	41
Accumulated depreciation	(1,282)	(1,232)	(1,355)	(1,232)
Total finance lease assets, net	$ 751	$ 842	$ 678	$ 842
Accrued expenses (Current liabilities)	$ 324	$ 324	$ 327	$ 324
Long-term finance lease liability	553	636	468	636
Total finance lease liabilities	$ 877	$ 960	$ 795	$ 960
Weighted Average remaining Lease Term (in years)	2.58	2.83	2.33	2.83

Weighted Average Discount Rate	4.86 %	4.86 %	4.86 %	4.86 %

Maturities of Lease Liability:	Operating Lease Liabilities	Finance Lease Liabilities	Net Lease Commitments	Operating Lease Liabilities	Finance Lease Liabilities	Operating Subleases	Net Lease Commitments
2025	$ 5,182	$ 324	$ 5,506	$ 5,619	$ 327	$ (38)	$ 5,908
2026	5,040	362	5,402	5,360	362	-	5,722
2027	4,107	257	4,364	4,337	150	-	4,487
2028	2,468	-	2,468	1,319	-	-	1,319
2029	560	-	560	972	-	-	972
Thereafter	374	-	374	489	-	-	489
Total lease payments	$ 17,731	$ 943	$ 18,674	$ 18,096	$ 839	$ (38)	$ 18,897
Less: Interest	(1,767)	(66)	(1,833)	(1,783)	(44)		(1,827)
Present Value of Lease Liabilities	$ 15,964	$ 877	$ 16,841	$ 16,313	$ 795		$ 17,070

NOTE 15 – INCOME TAXES

The Company's effective income tax rate is based on expected income, statutory rates, and tax planning opportunities available in the various jurisdictions in which it operates. For interim financial reporting, the Company estimates the annual income tax rate based on projected taxable income for the full year and records a quarterly income tax provision or benefit in accordance with the anticipated annual rate. The Company refines the estimates of the year's taxable income as new information becomes available, including actual year-to-date financial results. This continual estimation process often results in a change to the expected effective income tax rate for the year. When this occurs, the Company adjusts the income tax provision during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the expected income tax rate. Significant judgment is required in determining the effective tax rate and in evaluating tax positions.

	Three Months Ended September 30	
	2024	2023
Reconciliation of effective tax rate:		
Provision for income taxes at the anticipated annual tax rate	25.80 %	26.80 %
Uncertain tax positions	0.8	0.9
Deferred income tax adjustment	2.2	-
Share-based compensation	(9.1)	(5.1)
Effective tax rate	19.7 %	22.6 %

	Three Months Ended December 31		Six Months Ended December 31	
	2024	2023	2024	2023
Reconciliation of effective tax rate:				
Provision for income taxes at the anticipated annual tax rate	26.7 %	25.6 %	26.2 %	26.3 %
Uncertain tax positions	(1.5)	(2.8)	(0.2)	(0.6)
Deferred Income Tax Adjustment	-	-	1.1	-
Share-based compensation	(2.0)	(2.7)	(5.8)	(4.2)
Effective tax rate	23.2 %	20.1 %	21.3 %	21.5 %

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Note About Forward-Looking Statements

This report includes estimates, projections, statements relating to our business plans, objectives, and expected operating results that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this report, including this section. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "focus," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially. We describe risks and uncertainties that could cause actual results and events to differ materially in in our Annual Report on Form 10-K in the following sections: "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Quantitative and Qualitative Disclosures about Market Risk," and "Risk Factors." All of those risks and uncertainties are incorporated herein by reference. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the results of operations and financial condition of LSI Industries Inc. MD&A is provided as a supplement to, and should be read in conjunction with, our Annual Report on Form 10-K for the year ended June 30, 2024, and our financial statements and the accompanying Notes to Financial Statements (Part I, Item 1 of this Form 10-Q).

Our condensed consolidated financial statements, accompanying notes and the "Safe Harbor" Statement, each as appearing earlier in this report, should be referred to in conjunction with this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Summary of Consolidated Results

Net Sales by Business Segment	Three Months Ended September 30		Three Months Ended December 31		Six Months Ended December 31	
(In thousands)	2024	2023	2024	2023	2024	2023
Lighting Segment	$ 58,437	$ 67,641	$ 58,210	$ 64,795	$ 116,646	$ 132,436
Display Solutions Segment	79,658	55,800	89,524	44,210	169,183	100,010
Total Net Sales	$ 138,095	$ 123,441				
			$ 147,734	$ 109,005	$ 285,829	$ 232,446

Operating Income (Loss) by Business Segment	Three Months Ended September 30		Three Months Ended December 31		Six Months Ended December 31	
(In thousands)	2024	2023	2024	2023	2024	2023
Lighting Segment	$ 5,759	$ 8,753	$ 5,972	$ 8,856	$ 11,731	$ 17,609
Display Solutions Segment	7,708	7,219	8,127	3,302	15,834	10,521
Corporate and Eliminations	(4,336)	(4,944)	(5,640)	(4,339)	(9,975)	(9,283)
Total Operating Income	$ 9,131	$ 11,028				
			$ 8,459	$ 7,819	$ 17,590	$ 18,847

Net sales of $138.1 million $147.7 million for the three months ended September 30, 2024 December 31, 2024, increased 12% 36% as compared to net sales of $123.4 million $109.0 million for the three months ended September 30, 2023. Lighting segment net sales of $58.4 million decreased 14% compared to prior year quarter net sales of $67.6 million. The decline in Lighting segment sales can be attributed to lower large project activity resulting from the lengthening of the conversion period for these large projects, and overall lower non-residential construction activity. Sales growth in the Refueling and Parking market verticals was offset by declines in Warehouse and other large project applications. Net sales in the Display Solutions segment of $79.7 million increased 43% compared to the same quarter last year sales of $55.8 million December 31, 2023. The increase in net sales was attributed to a $45.3 million or 103% increase in net sales of the Display Solutions segment is Segment, partially offset by a $6.6 million or 10% decline in net sales of the net result Lighting Segment. The Display Solutions Segment generated organic growth of $26.2 million in 50% driven by increased sales from across all product categories and vertical markets supported mostly by the grocery, refueling/ C-Store, and QSR verticals. The Company's recent acquisition of EMI partially offset by contributed an additional $23.4 million of the delayed timing quarter-over-quarter sales growth of orders within the Grocery vertical. Display Solutions Segment. The decline in sales in the Lighting Segment is attributed to the comparison of quarter-over-quarter sales of large lighting projects. In fiscal 2024, the Company had several large lighting projects, including a new EV plant complex that did not repeat in fiscal 2025. While there was a decline in large lighting projects, small project activity increased over the prior year period.

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Net sales of $285.8 million for the six months ended December 31, 2024, increased 23% as compared to net sales of $232.4 million for the six months ended December 31, 2023. The increase in net sales was attributed to a $69.2 million or 69% increase in net sales of the Display Solutions Segment, partially offset by a $15.8 or 12% decline in net sales of the Lighting Segment. The Display Solutions Segment generated organic growth of 20% driven by increased sales across all product categories and vertical markets supported mostly by the grocery, refueling/ c-Store, and QSR verticals. The Company's recent acquisition of EMI contributed an additional $49.6 million of the year-over-year sales growth of the Display Solutions Segment. The decline in sales in the Lighting Segment is attributed to the comparison of year-over-year sales of large lighting projects. In fiscal 2024, the Company had several large lighting projects, including a new EV plant complex that did not repeat in fiscal 2025. While there was a decline in large lighting projects, small project activity increased over the prior year period.

Operating income of $9.1 million $8.5 million for the three months ended September 30, 2024 December 31, 2024, represents a 17% decrease from an 8% increase in operating income of $11.0 million $7.8 million in the three months ended September 30, 2023 December 31, 2023. Adjusted operating income, a Non-GAAP measure, was $11.9 million $11.7 million in the three months ended September 30, 2024 December 31, 2024, represents a 14% decline compared to $13.9 million $9.9 million in the three months ended September 30, 2023 December 31, 2023. Refer to "Non-GAAP Financial Measures" below for a reconciliation of Non-GAAP financial measures to U.S. GAAP measures. The decrease increase in net sales contributed to the increase in operating income is the net result of a decrease in sales in the Lighting segment profit which was partially offset by an a change in product mix between the Lighting Segment and Display Solutions Segment product lines.

Operating income of $17.6 million for the six months ended December 31, 2024, represents a 7% decrease from operating income of $18.8 million in the six months ended December 31, 2023. Adjusted operating income, a Non-GAAP financial measure, was $23.6 million in the six months ended December 31, 2024, compared to adjusted operating income of $23.8 million in the six months ended December 31, 2023. The increase in net sales was offset by a change in product mix between the Lighting Segment and Display Solutions segment which yield lower margins as Segment product lines. Refer to "Non-GAAP Financial Measures" below for a result reconciliation of product mix. Non-GAAP financial measures to U.S. GAAP measures.

Non-GAAP Financial Measures

This report includes adjustments to GAAP operating income, net income, and earnings per share for the three months and six ended September 30, 2024 December 31, 2024, and 2023. Operating income, net income, and earnings per share, which exclude the impact of long-term performance based compensation expense, the amortization expense of acquired intangible assets, commercial growth opportunity expense, acquisition costs, the lease expense on the step-up basis of acquired leases, and restructuring and severance costs, are non-GAAP financial measures. We further note that while the amortization expense of acquired intangible assets is excluded from the non-GAAP financial measures, the revenue of the acquired companies is included in the measures and the acquired assets contribute to the generation of revenue. We believe these non-GAAP measures will provide increased transparency to our core operating performance of the business. Also included in this report are non-GAAP financial measures, including Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA and Adjusted EBITDA), Net Debt to Adjusted EBITDA, and Free Cash Flow. Flow, and organic sales growth. We believe that these are useful as supplemental measures in assessing the operating performance of our business. These measures are used by our management, including our chief operating decision maker, to evaluate business results, and are frequently referenced by those who follow the Company. These non-GAAP measures may be different from non-GAAP measures used by other companies. In addition, the non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations, in that they do not reflect all amounts associated with our results as determined in accordance with U.S. GAAP. Therefore, these measures should be used only to evaluate our results in conjunction with corresponding GAAP measures. Below is a reconciliation of these non-GAAP measures to net income and earnings per share reported for the periods indicated along with the calculation of EBITDA, Adjusted EBITDA, Free Cash Flow, and Net Debt to Adjusted EBITDA. EBITDA, and organic sales growth.

Reconciliation of operating income to adjusted operating income:	Three Months Ended September 30 2024	Three Months Ended September 30 2023
(In thousands)		
Operating income as reported	$ 9,131	$ 11,028
Acquisition costs	48	-
Long-term performance based compensation	1,184	1,325
Amortization expense of acquired intangible assets	1,408	1,190
Lease expense on the step-up basis of acquired leases	67	-
Restructuring/severance costs	60	353

Consulting expense: commercial growth opportunities	-	19
Adjusted operating income	$ 11,898	$ 13,915

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Reconciliation of net income to adjusted net income	Three Months Ended September 30							
(In thousands, except per share data)	2024				2023			
				Diluted EPS				Diluted EPS
Net income as reported	$ 6,682			$ 0.22	$ 8,028			$ 0.27
Long-term performance based compensation	881	(1)		0.03	974	(6)		0.03
Amortization expense of acquired intangible assets	1,042	(2)		0.03	870	(7)		0.03
Restructuring/severance costs	45	(3)		-	256	(8)		0.01
Acquisition costs	36	(4)		-	-			-
Lease expense on the step-up basis of acquired leases	50	(5)		-	-			-
Consulting expense: commercial growth opportunities	-			-	13	(9)		-
Tax rate difference between reported and adjusted net income	(755)			(0.02)	(531)			(0.02)
Net income adjusted	$ 7,981			$ 0.26	$ 9,610			$ 0.32

Reconciliation of operating income to adjusted operating income:	Three Months Ended December 31	
(In thousands)	2024	2023
Operating income as reported	$ 8,459	$ 7,819
Long-term performance based compensation	1,669	849
Amortization expense of acquired intangible assets	1,408	1,190
Lease expense on the step-up basis of acquired leases	69	-
Restructuring/severance costs	-	35
Consulting expense: commercial growth opportunities	81	-
Adjusted operating income	$ 11,686	$ 9,893

Reconciliation of net income to adjusted net income	Three Months Ended

(In thousands, except per share data)	December 31 2024				2023			
				Diluted EPS				Diluted EPS
Net income as reported	$ 5,647		$	0.18	$ 5,906		$	0.20
Long-term performance based compensation	1,294	(1)		0.04	625	(5)		0.02
Amortization expense of acquired intangible assets	1,090	(2)		0.04	885	(6)		0.03
Restructuring/severance costs	-			-	34	(7)		-
Lease expense on the step-up basis of acquired leases	53	(3)		-	-			-
Consulting expense: commercial growth opportunities	62	(4)		-	-			-
Tax rate difference between reported and adjusted net income	(150)			-	(201)			(0.01)
Net income adjusted	$ 7,996		$	0.26	$ 7,249		$	0.24

Effective in the first quarter of fiscal 2025, LSI will include the amortization expense related to acquired intangible assets as an add-back to its non-GAAP reconciliation. Prior quarter non-GAAP reconciliations have been adjusted accordingly.

The following represents the income tax effects of the adjustments in the tables above, which were calculated using the estimated combined U.S., Canada and Mexico effective income tax rates for the periods indicated (in thousands):

(1) $303 375
(2) $366 318
(3) $15 16
(4) $12 19
(5) $17 224
(6) $351 305
(7) $320 1
(8) $97
(9) $6

Reconciliation of net income to EBITDA and adjusted EBITDA	Three Months Ended September 30 2024		2023	
(In thousands)				
Net income - reported	$	6,682	$	8,028
Income tax		1,635		2,338
Interest expense, net		875		566
Other expense (income)		(61)		96
Operating income as reported	$	9,131	$	11,028
Depreciation and amortization		2,940		2,371
EBITDA	$	12,071	$	13,399
Acquisition costs		48		-
Long-term performance based compensation		1,184		1,325

Restructuring/severance costs	60	353
Lease expense on the step-up basis of acquired leases	67	-
Consulting expense: commercial growth opportunities	-	19
Adjusted EBITDA	$ 13,430	$ 15,096

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Reconciliation of cash flow from operations to free cash flow	Three Months Ended September 30	
	2024	2023
(In thousands)		
Cash flow from operations	$ 11,846	$ 10,592
Capital expenditures	(759)	(1,393)
Free cash flow	$ 11,087	$ 9,199

Reconciliation of operating income to adjusted operating income:	Six Months Ended December 31	
	2024	2023
(In thousands)		
Operating income as reported	$ 17,590	$ 18,847
Acquisition costs	48	-
Long-term performance based compensation	2,853	2,174
Amortization expense of acquired intangible assets	2,816	2,380
Lease expense on the step-up basis of acquired leases	136	-
Restructuring/severance costs	60	388
Consulting expense: commercial growth opportunities	81	19
Adjusted operating income	$ 23,584	$ 23,808

Net debt to adjusted EBITDA	September 30	
(In thousands)	2024	2023
Current portion and long-term debt as reported	$ 3,571	$ 3,571
Long-Term Debt	44,118	25,098
Debt as reported	$ 47,689	$ 28,669

Less:		
Cash and cash equivalents as reported	6,969	3,533
Net debt	$ 40,720	$ 25,136
Adjusted EBITDA - Trailing 12 Months	$ 49,770	$ 53,408
Net debt to adjusted EBITDA	0.8	0.5

Reconciliation of net income to adjusted net income	Six Months Ended December 31					
(In thousands, except per share data)	2024			2023		
			Diluted EPS			Diluted EPS
Net income as reported	$ 12,329		$ 0.40	$ 13,934		$ 0.47
Long-term performance based compensation	2,161	(1)	0.07	1,599	(7)	0.05
Amortization expense of acquired intangible assets	2,132	(2)	0.07	1,755	(8)	0.06
Restructuring/severance costs	45	(3)	-	290	(9)	0.01
Acquisition costs	50	(4)	-	-		-
Lease expense on the step-up basis of acquired leases	103	(5)	0.01	-		-
Consulting expense: commercial growth opportunities	62	(6)	-	13	(10)	-
Tax rate difference between reported and adjusted net income	(905)		(0.03)	(732)		(0.03)
Net income adjusted	$ 15,977		$ 0.52	$ 16,859		$ 0.56

Effective in the first quarter of fiscal 2025, LSI will include the amortization expense related to acquired intangible assets as an add-back to its non-GAAP reconciliation. Prior quarter non-GAAP reconciliations have been adjusted accordingly.

The following represents the income tax effects of the adjustments in the tables above, which were calculated using the estimated combined U.S., Canada and Mexico effective income tax rates for the periods indicated (in thousands):

(1) $692
(2) $684
(3) $15
(4) ($2)
(5) $33
(6) $19
(7) $575
(8) $625
(9) $98
(10) $6

Reconciliation of Net Income to Adjusted EBITDA	Three Months Ended December 31		Six Months Ended December 31	
(In thousands)	2024	2023	2024	2023
Net Income - Reported	$ 5,647	$ 5,906	$ 12,329	$ 13,934

Income Tax	1,702	1,489	3,336	3,827
Interest Expense, Net	728	453	1,603	1,019
Other (Income) Expense	382	(29)	322	67
Operating Income as reported	$ 8,459	$ 7,819	$ 17,590	$ 18,847
Depreciation and Amortization	3,018	2,357	5,958	4,728
EBITDA	$ 11,477	$ 10,176	$ 23,548	$ 23,575
Long-term performance based compensation	1,669	849	2,853	2,174
Restructuring/severance costs	-	-	60	19
Lease expense on the step-up basis of acquired leases	69	-	136	-
Consulting expense: commercial growth opportunities	81	-	81	-
Acquisition costs	-	35	48	388
Adjusted EBITDA	$ 13,296	$ 11,060	$ 26,726	$ 26,156

Reconciliation of cash flow from operations to free cash flow	Three Months Ended December 31		Six Months Ended December 31	
(In thousands)	2024	2023	2024	2023
Cash Flow from Operations	$ 9,891	$ 9,276	$ 21,737	$ 19,868
Capital expenditures	(1,066)	(1,956)	(1,825)	(3,349)
Free Cash Flow	$ 8,825	$ 7,320	$ 19,912	$ 16,519

Net Debt to Adjusted EBITDA	December 31	June 30
(In thousands)	2024	2024
Current portion and long-term debt as reported	$ 3,571	$ 3,571
Long-Term Debt	34,615	50,658
Total Debt	38,186	54,229
Less: Cash and cash equivalents	(4,712)	(4,110)
Net Debt	$ 33,474	$ 50,119
Adjusted EBITDA - Trailing 12 Months	$ 52,006	$ 51,436
Net Debt to Adjusted EBITDA	0.6	1.0

	Three Months Ended			Six Months Ended		
Organic compared to Inorganic Sales	Dec 2024	Dec 2023	% Variance	Dec 2024	Dec 2023	% Variance
Lighting Segment	$ 58,210	$ 64,796	-10 %	$ 116,646	$ 132,437	-12 %
Display Solutions Segment						
- Comparable Display Solutions Sales	66,133	44,209	50 %	119,588	100,010	20 %
- EMI	23,391	-		49,595	-	
Total Display Solutions Sales	89,524	44,209	103 %	169,183	100,010	69 %
Total net sales	147,734	109,005	36 %	285,829	232,447	23 %
Less:						
EMI	23,391	-		49,595	-	

Total organic net sales	$ 124,343	$ 109,005	14 %	$ 236,234	$ 232,447	2 %

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Results of Operations

THREE MONTHS ENDED SEPTEMBER 30, DECEMBER 31, 2024, COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, DECEMBER 31, 2023

Display Solutions Segment			Three Months Ended December 31	
(In thousands)	2024	2023	2024	2023
Net Sales	$ 79,658	$ 55,800	$ 89,524	$ 44,210
Gross Profit	$ 15,030	$ 13,310	$ 15,820	$ 8,838
Operating Income	$ 7,708	$ 7,219	$ 8,127	$ 3,302

Display Solutions Segment net sales of $79.7 million $89.5 million increased 103% from same period in fiscal 2024. This segment generated organic growth of 50% driven by increased sales across all major product categories and vertical markets supported mostly by the grocery, refueling/ c-Store, and QSR verticals. The Company's recent acquisition of EMI also contributed $23.4 million of the quarter-over-quarter sales growth of the Display Solutions Segment.

Gross profit of $15.8 million in the three months ended September 30, 2024 December 31, 2024 increased 43% from net sales of $55.8 million in the same period in fiscal 2024. The increase in net sales in the Display Solutions segment is the net result of $26.2 million in sales from the acquisition of EMI partially offset by the timing of orders within the Grocery vertical.

Gross profit of $15.0 million in the three months ended September 30, 2024 increased 13% 79% from the same period of fiscal 2024. Gross profit as a percentage of net sales in the three months ended September 30, 2024 December 31, 2024 decreased to 19% 18% from 24% 20% in the same period of fiscal 2024 impacted by product and vertical market mix. The Company continues to maintain favorable program pricing and prudent cost management.

Operating expenses of $7.3 million $7.7 million in the three months ended September 30, 2024 December 31, 2024 increased 20% 39% from the same period of fiscal 2024, primarily driven by the acquisition of EMI and by an continued investment in commercial initiatives to drive growth.

Display Solutions Segment operating income of $7.7 million $8.1 million in the three months ended September 30, 2024 December 31, 2024 increased 7% 146% from the same period of fiscal 2024. The increase in operating income of $0.5 million $4.8 million was driven by the net effect of an increase in net sales partially offset by the gross margin impact of product mix.

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Lighting Segment			Three Months Ended December 31	
(In thousands)	2024	2023	2024	2023
Net Sales	$ 58,437	$ 67,641	$ 58,210	$ 64,795
Gross Profit	$ 18,626	$ 23,280	$ 19,034	$ 22,698
Operating Income	$ 5,759	$ 8,753	$ 5,972	$ 8,856

Lighting Segment net sales of $58.4 million $58.2 million in the three months ended September 30, 2024 December 31, 2024, decreased 14% 10% compared to net sales of $67.6 million $64.8 million in the same period in fiscal 2024. The decline in Lighting segment sales can be is attributed to lower the comparison of quarter-over-quarter sales of large lighting projects. In fiscal 2024, the Company had several large lighting projects, including a new EV plant complex that did not repeat in fiscal 2025. While there was a decline in large lighting projects, small project activity resulting from increased over the lengthening of the conversion period for these large projects, and overall lower non-residential construction activity. Sales growth in the Refueling and Parking market verticals was offset by declines in Warehouse and other large project applications. prior year period.

Gross profit of $18.6 million $19.0 million in the three months ended September 30, 2024 December 31, 2024 decreased 20% 16% from the same period of fiscal 2023. 2024. The decline in gross profit is attributed to the decline in sales. While overall demand levels were lower in the fiscal first second quarter, selling prices and material input costs remain stable.

Operating expenses of $12.9 million $13.1 million in the three months ended September 30, 2024 December 31, 2024 decreased 11% 6% from the same period of fiscal 2024, driven mostly by lower commission expense from lower sales, and effective cost management.

Lighting Segment operating income of $5.8 million $6.0 million for the three months ended September 30, 2024 December 31, 2024 decreased 34% 33% from operating income of $8.8 million $8.9 million in the same period of fiscal 2024 primarily driven by decreased net sales.

Corporate and Eliminations				
(In thousands)		2024		2023
Gross (Loss)	$	(9)	$	(1)
Operating (Loss)	$	(4,336)	$	(4,944)

Corporate and Eliminations	Three Months Ended December 31			
(In thousands)		2024		2023
Gross Profit	$	7	$	-
Operating (Loss)	$	(5,640)	$	(4,339)

The gross profit (loss) relates to the change in the intercompany profit in inventory elimination.

Operating expenses of $4.3 million $5.6 million in the three months ended September 30, 2024 December 31, 2024, decreased 12% increased 30% from the same period of fiscal 2024. The decrease was increase in expense is primarily the result of cost containment continued investment in commercial initiatives across several to support the growth of the Company's cost categories. Company. Also contributing to the quarter-over-quarter change was an increase in employee benefit costs.

Consolidated Results

The Company reported $0.9 million $0.7 million and $0.6 million $0.5 million of net interest expense in the three months ended September 30, 2024 December 31, 2024, and September 30, 2023 December 31, 2023, respectively. The increase in interest expense is the result of the funds borrowed to acquire EMI Industries, LLC in the fourth quarter of fiscal 2024 partially offset by decreased borrowing costs. The Company also recorded other income of ($0.1) million and $0.1 million $0.4 million of other expense (income) in the three months ended September 30, 2024 December 31, 2024, and September 30, 2023, respectively, both of which is related to net foreign exchange currency transaction gains and losses through the Company's Mexican and Canadian subsidiaries.

The $1.6 million $1.7 million of income tax expense in the three months ended September 30, 2024 December 31, 2024 represents a consolidated effective tax rate of 19.6% 23.2%. The $2.3 million $1.5 million of income tax expense in the three months ended September 30, 2023 December 31, 2023 represents a consolidated effective tax rate of 22.6% 20.1%. Impacting the effective tax rate of both reported periods was the favorable tax treatment of the Company's long-term performance based compensation.

The Company reported net income of $6.7 million $5.6 million in the three months ended September 30, 2024 December 31, 2024 compared to net income of $8.0 million $5.9 million in the three months ended September 30, 2023 December 31, 2023. Non-GAAP adjusted net income was $8.0 million for the three months ended September 30, 2024 December 31, 2024, compared to adjusted net income of $9.6 million $7.3 million for the three months ended September 30, 2023 December 31, 2023 (Refer to the Non-GAAP tables above). The increase in Non-GAAP adjusted net income is primarily the net result of an increase in net sales partially offset by the profit margin impact of product mix. Diluted adjusted earnings per share of $0.18 was reported in the three months ended December 31, 2024 compared to $0.20 diluted adjusted earnings per share in the same period of fiscal 2024. The weighted average common shares outstanding for purposes of computing diluted earnings per share in the three months ended December 31, 2024 were 30,876,000 shares compared to 30,043,000 shares in the same period last year.

SIX MONTHS ENDED DECEMBER 31, 2024, COMPARED TO SIX MONTHS ENDED DECEMBER 31, 2023

Display Solutions Segment	Six Months Ended December 31			
(In thousands)		2024		2023
Net Sales	$	169,183	$	100,010
Gross Profit	$	30,851	$	22,148

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Operating Income	$	15,834	$	10,521

Display Solutions net sales of $169.2 million increased 69% from same period in fiscal 2024. This segment generated organic growth of 20% driven by increased sales across all major product categories and vertical markets supported mostly by the grocery, refueling/ c-Store, and QSR verticals. The Company's recent acquisition of EMI also contributed $49.6 million of the year-over-year sales growth of the Display Solutions Segment.

Gross profit of $30.9 million in the six months ended December 31, 2024 increased 39% from the same period of fiscal 2024. Gross profit as a percentage of net sales in the six months ended December 31, 2024 decreased to 18% from 22% in the same period of fiscal 2024 impacted by product and vertical market mix. The Company continues to maintain favorable program pricing and prudent cost management.

Operating expenses of $15.0 million in the six months ended December 31, 2024 increased 29% from the same period of fiscal 2024, primarily driven by the acquisition of EMI and by continued investment in commercial initiatives to drive growth.

Operating income of $15.8 million in the six months ended December 31, 2024 increased 51% from the same period of fiscal 2024. The increase in operating income of 5.3 million was driven by the net effect of an increase in net sales partially offset by the gross margin impact of product mix.

Lighting Segment	Six Months Ended December 31			
(In thousands)	2024		2023	
Net Sales	$	116,646	$	132,436
Gross Profit	$	37,658	$	45,978
Operating Income	$	11,731	$	17,609

Lighting Segment net sales of $116.6 million in the six months ended December 31, 2024, decreased 12% compared to net sales of $132.4 million in the same period in fiscal 2024. The decline in sales in the Lighting Segment is attributed to the comparison of year-over-year sales of large lighting projects. In fiscal 2024, the Company had several large lighting projects, including a new EV plant complex that did not repeat in fiscal 2025. Contributing to the decline in large projects was the lengthening of the conversions cycle for these large projects. While there was a decline in large lighting projects, small project activity increased over the prior year period.

Gross profit of $37.7 million in the three months ended December 31, 2024 decreased 18% from the same period of fiscal 2024. The decline in gross profit is attributed to the decline in sales. While overall demand levels were lower in the first half of fiscal 2025, selling prices and material input costs remain stable.

Operating expenses of $25.9 millionin the six months ended December 31, 2024 decreased 9% from the same period of fiscal 2024, driven mostly by lower commission expense from lower sales, and effective cost management.

Lighting Segment operating income of $11.7 million for the six months ended December 31, 2024 decreased 33% from operating income of $17.6 million in the same period of fiscal 2024 primarily driven by decreased net sales.

Corporate and Eliminations	Six Months Ended December 31			
(In thousands)	2024		2023	
Gross Profit (Loss)	$	(1)	$	(1)
Operating (Loss)	$	(9,975)	$	(9,283)

The gross profit (loss) relates to the change in the intercompany profit in inventory elimination.

Operating expenses of $10.0 million in the six months ended December 31, 2024, increased 7% from the same period of fiscal 2024. The increase in expense is the result of an increase in investment in commercial initiatives to support the growth of the Company. Also contributing to the year-over-year change was an increase in employee benefit costs.

Consolidated Results

The Company reported $1.6 million and $1.0 million of net interest expense in the six months ended December 31, 2024, and December 31, 2023, respectively. The increase in interest expense is the result of the funds borrowed to acquire EMI in the fourth quarter of fiscal 2024 partially offset by decreased borrowing costs. The Company also recorded other income of $0.3 million and $0.1 million in the six months ended December 31, 2024, and December 31, 2023, respectively, both of which is related to net foreign exchange currency transaction gains and losses through the Company's Mexican and Canadian subsidiaries.

The $3.3 million of income tax expense in the six months ended December 31, 2024 represents a consolidated effective tax rate of 21.3%. The $3.8 million of income tax expense in the six months ended December 31, 2023 represents a consolidated effective tax rate of 21.5%. Impacting the effective tax rate of both reported periods was the favorable tax treatment of the Company's long-term performance based compensation.

The Company reported net income of $12.3 million in the six months ended December 31, 2024 compared to net income of $13.9 million in the six months ended December 31, 2023. Non-GAAP adjusted net income was $16.0 million for the six months ended December 31, 2024, compared to adjusted net income of $16.9 million for the six months ended December 31, 2023 (Refer to the Non-GAAP tables above). The decrease in Non-GAAP adjusted net income is primarily the net result of an increase in net sales offset by the profit margin impact of product mix. Diluted adjusted earnings per share of $0.22 $0.40 was reported in the three six months ended September 30, 2024 December 31, 2024 compared to $0.27 $0.47 diluted adjusted earnings per share in the same period of fiscal 2024. The weighted average common shares outstanding for purposes of computing diluted earnings per share in the three six months ended September 30, 2024 December 31, 2024 were 30,530,000 30,876,000 shares compared to 29,955,000 29,949,000 shares in the same period last year.

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Liquidity and Capital Resources

The Company considers its level of cash on hand, borrowing capacity, current ratio and working capital levels to be its most important measures of short-term liquidity. For long-term liquidity indicators, the Company believes its ratio of long-term debt to equity and our historical levels of net cash flows from operating activities to be the most important measures.

At September 30, 2024 December 31, 2024, the Company had working capital of $86.8 million $84.9 million compared to $83.3 million at June 30, 2024. The ratio of current assets to current liabilities was 2.1 to 1 for both September 30, 2024 December 31, 2024, and June 30, 2024. The increase in working capital from June 30, 2024, to September 30, 2024 December 31, 2024, is was primarily driven by a $2.1 million $2.6 million increase in net accounts receivable and a $2.9 million increase in cash partially offset by a $0.7 million $1.5 million decrease in refundable income taxes and a $0.9 million increase in current liabilities. net inventory.

Net accounts receivable was $80.7 million $81.2 million and $78.6 million at September 30, 2024 December 31, 2024, and June 30, 2024, respectively. DSO decreased to 54 52 days at September 30, 2024 December 31, 2024, from 58 days at June 30, 2024.

Net inventories of $71.3 million $69.4 million at September 30, 2024 December 31, 2024, increased $0.4 million decreased $1.5 million from $70.9 million at June 30, 2024. Lighting Segment net inventory decreased $1.1 million $1.7 million whereas net inventory in the Display Solutions Segment increased $1.5 million $0.2 million to support the growth in backlog resulting from an increase program activity.

Cash generated from operations and borrowing capacity under the Company's line of credit is its primary source of liquidity. The Company has a $25 million term loan and $75 million remaining in a secured revolving line of credit. Both facilities expire in the third first quarter of fiscal 2026. 2027. As of September 30, 2024 December 31, 2024, $41.6 million $50.2 million of the credit line was available. The Company is in compliance with all of its loan covenants. The $100 million credit facility plus cash flows from operating activities are adequate for operational and capital expenditure needs for the remainder of fiscal 2025.

The Company generated $11.8 million $21.7 million of cash from operating activities in the three six months ended September 30, 2024 December 31, 2024, compared to $10.6 million $19.9 million of cash generated from operating activities in the same period in fiscal 2024. The Company continues to effectively manage its working capital while generating increasing cash flow from earnings in both fiscal years, resulting in strong cash flow from operations.

The Company used $0.8 million invested $1.8 million and $1.4 million $3.3 million of cash related to investing activities in the three six months ended September 30, 2024 December 31, 2024, and September 30, 2023 December 31, 2023, respectively. The Company continues to invest in equipment and tooling to support sales growth.

The Company had a net use of cash of $8.1 million $19.1 million and $7.4 million $15.7 million related to financing activities in the three six months ended September 30, 2024 December 31, 2024, and September 30, 2023 December 31, 2023, respectively. The Company continues to generate positive cash flow from its operations in order to pay down its debt and fund its dividend payments to shareholders.

The Company has on its balance sheet financial instruments consisting primarily of cash and cash equivalents, revolving lines of credit, and long-term debt. The fair value of these financial instruments approximates carrying value because of their short-term maturity and/or variable, market-driven interest rates.

Off-Balance Sheet Arrangements

The Company has no financial instruments with off-balance sheet risk and have no off-balance sheet arrangements.

Cash Dividends

In November 2024, January 2025, the Board of Directors declared a regular quarterly cash dividend of $0.05 per share payable November 26, 2024 February 11, 2025, to shareholders of record as of November 18, 2024 February 3, 2025. The indicated annual cash dividend rate for fiscal 2025 is $0.20 per share. The Board of Directors has adopted a policy regarding dividends which indicates that dividends will be determined by the Board of Directors in its discretion based upon its evaluation of earnings, cash flow requirements, financial condition, debt levels, stock repurchases, future business developments and opportunities, and other factors deemed relevant.

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Critical Accounting Policies and Estimates

A summary of our significant accounting policies is included in Note 1 to the audited consolidated financial statements of the Company's fiscal 2024 Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposure to market risk since June 30, 2024. Additional information can be found in Item 7A, Quantitative and Qualitative Disclosures About Market Risk, which appears on page 16 of the Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized, and reported within required time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We conducted, under the supervision of our management, including the Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2024 December 31, 2024, our disclosure controls and procedures were effective. Management believes that the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q are fairly presented in all material respects in accordance with GAAP for interim financial statements, and the Company's Chief Executive Officer and Chief Financial Officer have certified that, based on their knowledge, the condensed consolidated financial statements included in this report fairly present in all material respects the Company's financial condition, results of operations and cash flows for each of the periods presented in this report.

Changes in Internal Control

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2024 December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits:

10.1 19.1 Fiscal Year 2025 Long-Term Incentive Plan (LTIP)*++

10.2 Fiscal Year 2025 Short-Term Incentive Plan (STIP)*++ Insider trading Policy Amended and Restated effective January 22, 2025

31.1 Certification of Principal Executive Officer required by Rule 13a-14(a)

31.2 Certification of Principal Financial Officer required by Rule 13a-14(a)

32.1 Section 1350 Certification of Principal Executive Officer

32.2 Section 1350 Certification of Principal Financial Officer

101.INS 101.INS Inline XBRL Instance Document

101.SCH 101.SCH Inline XBRL Taxonomy Extension Schema Document

101.CAL 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document

101.LAB 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

* Management compensatory agreement.
++ Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10) of Regulation S-K. The omitted information is not material and would likely cause competitive harm to the Registrant if publicly disclosed. The Registrant hereby agrees to furnish a copy of any omitted portion to the SEC upon request.

SIGNATURES

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

LSI Industries Inc.

By: /s/ James A. Clark
James A. Clark
Chief Executive Officer and President
(Principal Executive Officer)

By: /s/ James E. Galeese
James E. Galeese
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

November 8, 2024 February 7, 2025

EXHIBIT 10.1Exhibit 19.1

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [***] Amended and Restated: January 22, 2025

LSI INDUSTRIES INC. INSIDER TRADING POLICY AND ANTI- HEDGING AND PLEDGING POLICY

LSI INDUSTRIES INC. SCOPE:

This policy applies to all directors and employees of LSI Industries Inc. and its subsidiaries and divisions. LSI may also determine that other persons should be subject to this policy, such as contractors or consultants who may have access to material non-public information. This policy also applies to family members, other members of a person's household and entities controlled by a person covered by this policy, including independent retirement accounts, trusts and other entities controlled by those subject to this policy.

In addition, individuals who have recently departed LSI or any of its subsidiaries or otherwise terminated a relationship with the company will be expected to comply with the terms of this policy for the period of time during which such individuals are in possession of material non-public information.

FY25 LONG-TERM INCENTIVE PLAN PURPOSE:

Federal law makes persons who engage in transactions in securities on the basis of material non-public information, as well as their employers in certain cases, liable for fines, criminal penalties and civil liabilities. LSI has adopted this policy to assist it and its directors and employees in avoiding unlawful insider trading and improprieties related to transactions in LSI securities, including the establishment of blackout periods during which transactions in LSI securities by LSI directors, certain employees (including those employees identified on the attachment to this policy), their family members and others are prohibited. In addition, the policy applies to information relating to securities issued by other companies with which LSI may have a business relationship or proposed business relationship.

POLICY:

Insider Trading Policy and Anti-Hedging and Pledging Policy.

GENERAL PROHIBITION:

Directors and employees of LSI and its subsidiaries are prohibited from:

(i) engaging in transactions in LSI securities or in the securities of any company with which LSI may be conducting business or proposing to be conducting business while in possession of material non-public information regarding LSI or such other company;

(ii) transactions in "puts" or "calls" or other derivative securities linked to LSI;

(iii) tipping, or providing material non-public information to third parties for other than legitimate corporate purposes;

Effective: August 14, 2024

The LSI Industries Inc. (**Company**) 2019 Omnibus Plan authorizes the Compensation Committee of the Board of Directors (**Compensation Committee**) to issue share-based incentive awards to Company Executives. The Fiscal Year 2024 Long Term Incentive Plan (**LTIP**) provides for grants to the Named Executive Officers (**NEOs**), and other employees of the Company designated by the Compensation Committee and the Chief Executive Officer (**CEO**). The employees receiving grants are collectively referred to as the "**Employees**."

The LTIP has been approved by the Compensation Committee as a retention tool to encourage Employees to maintain long-term employment with the Company. The LTIP provides for the issuance of three types of share-based awards: stock options, performance stock units and restricted stock units. All LTIP awards are granted effective the close of business on August 14, 2024 and at such other times and in such other manner as may be approved or authorized by the Compensation Committee.

1. (iv) **Stock Options**. The Company may grant time-based stock option (**Stock Options**) awards to Employees. Stock Option awards have a ten-year exercise term; a three-year ratable vesting period; and a stated and fixed exercise price set by recommending the Compensation Committee as the closing price purchase or sale of a share of Company common stock on the date of the grant. The form of Stock Option Agreement is set forth as **Exhibit** "**1**" hereto. any LSI security;

2. (v) **Performance Stock Units**. The Company may grant performance engaging in short sales of LSI stock. "Short" sales of stock units (**PSUs**) are transactions where you borrow stock, sell it, then buy stock at a later date to replace the Employees. The vesting of such PSUs is subject to the achievement of designated metrics for Return on Net Assets (**RONA**) and cumulative Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (**Adjusted EBITDA**) at the completion of the three-year performance period concluding on June 30, 2027 (FY27). The LTIP sets for a threshold (or minimum), target and maximum goals to be achieved in FY27 for each metric. If the threshold amount is not achieved for any performance metric, there shall be no payout under such metric. The grant made to the employee is the target number of PSUs. The actual number of PSUs at vesting may stretch to a greater amount than the target amount if greater than target performance is achieved; and may be less than the target number of PSUs if less than target performance is achieved. RONA achievement accounts for 50% of the vesting of the PSUs and Cumulative Adjusted EBITDA accounts for 50% of the vesting of the PSUs. The PSUs shall cliff vest at the completion of FY27 if the FY27 threshold, target or maximum is met pursuant to the matrix set forth in Section 2.1 below. The form of PSU Award Agreement is set forth as **Exhibit** "**2**" hereto. PSUs are settled in the Common Shares of the Company.

2.1 **PSU Payout Matrix.** Below is the is the LTIP Payout Matrix.

	PSU Grant: Three Year Performance Period		
	% Payout of Target	RONA at June 30, 2027 (Weighted 50%)	Cumulative EBITDA $ (000s) July 1, 2024 through June 30, 2027 (Weighted 50%)
Threshold	0	0	0
Target	0	0	0
Maximum	0	0	0

The actual LTIP award payout will be interpolated between the percentages set forth in the chart based on actual results. Examples of the Vesting of the PSUs are set forth on **Exhibit** "**3**" hereto.

3. **Restricted Stock Units**. The Company may grant restricted stock units (RSUs) to the Employees. RSUs are time-based and vest one-third on each of the anniversary dates of the grant date. The form of RSU Award Agreement is set forth as **Exhibit** "**4**" hereto. borrowed shares;

4. (vi) **General Terms** **for directors** **and** **Conditions**. The following provisions apply to certain officers of LSI, engaging in the LTIP: purchase and subsequent sale, or vice versa, of LSI securities within a six-month period; and

A. (vii) The value assisting someone who is engaged in any of the total LTIP award to each participant shall be apportioned among PSUs, RSUs and/ above activities.

EXPLANATION OF KEY CONCEPTS:

The following discussion is provided in applying the "General Prohibition."

(i) LSI Securities.

LSI securities include shares of LSI common stock and incentive awards such as stock options, restricted shares, restricted share units and performance awards related to shares of LSI common stock.

This policy also applies to any other securities that LSI may issue, including, but not limited to, preferred stock, convertible debentures and warrants, as well as derivative securities that are not issued by LSI, such as exchange-traded put or call options or swaps related to LSI securities. Gifts and other contributions of LSI securities are also subject to this policy.

(ii) Materiality

The materiality of a fact depends upon the circumstances. A fact is material if it is likely that an investor would take it into account in deciding to purchase or sell securities. It need not be so important that it would change the investor's decision of whether to buy or sell; it is enough if it is the type of information on which reasonable investors usually rely in making purchase or sale decisions. As a general rule, if disclosure of the information is likely to affect the market price of a security, the information is always material. Material information can be either business or market related, can be positive or negative and can relate to virtually any aspect of a company's business or to any type of security, debt or equity. Examples of material information include, but are not limited to, information about:

- corporate earnings, earnings forecasts, or Stock Options, as determined by the Committee. The apportionment of the awards to the Named Executive Officers and the remaining Senior Officers shall be approved by the Compensation Committee. other earnings projections or guidance;

B. ● The actual grants to Employees on the date of the adoption of this FY25 LTIP are set forth in the Compensation Committee resolution whereby this FY25 LTIP is adopted. possible mergers, acquisitions, tender offers, dispositions, joint ventures or restructurings;

C. ● **CEO Pool**. The Compensation Committee hereby approves an additional pool of any combination of 3,000 Stock Options, RSUs, and PSUs for grant by the CEO in FY25 to employees not previously receiving a LTIP award from the Compensation Committee. The pool awards have been set aside for grant to major new employees and employees whom in the discretion of the CEO are deemed to merit an award. The employees receiving a grant from the pool, and the amount of the pool awards shall be within the discretion of the CEO. service offerings or new major contract awards;

D. ● **Vesting**. If the Participant is deemed a Specified Employee at the time important business developments, such as developments of the Vesting Date and also has a Separation From Service, then the payment of the shares will be delayed until the earlier of the date that is six months following the Vesting Date and the Participant's death. significant new product lines;

E. ● **Definitions.**significant litigation, regulatory action or other investigation;

1. ● **"Cumulative Adjusted EBITDA**" is defined as the Company's cumulative consolidated earnings before interest, taxes, depreciation and amortization expenses as adjusted for certain unusual senior management or non-recurring items for the period commencing July 1, 2024 and ending June 30, 2027. The Company's Adjusted EBITDA will be as reported in the Company's Annual Report on Form 10-K for FY27 and as approved by the Compensation Committee. control changes;

2. ● **"RONA**"is defined developments in the Company's business or prospects related to extraordinary events, such as theCompany's consolidatedAdjusted Net Income as percent of Net Assets, which derived by dividing Adjusted Net Income by Net Assets. For purposes of this definition, pandemics, wars, terrorist attacks and natural disasters;

3. ● **"Adjusted Net Income**" is defined as non-GAAP Net Income which is developed and reported to the Company's Board of Directors on a quarterly basis. For purposes of this definition, "Net Assets" is defined as working capital and net property, plant, and equipment (excluding goodwill and intangibles).

F. Except to the extent an agreement approved by the Company's Compensation Committee provides for vesting in other circumstances, such as Company terminating Participant's employment without Cause or Participant terminating employment for Good Reason, LTIP participants must be continuously employed by the Company on (i) the specified award vesting for Stock Options and RSUs and (ii) the date designated for payout of the PSUs, in order to vest in such award or portion of such award. The Company will make the distribution of the PSU awards to participants as soon as administratively practicable following the date of the award determination by the Compensation Committee. Notwithstanding anything in this LTIP to the contrary, the Committee retains the power in its sole and absolute discretion to allow for additional vesting rights in connection with the Participant's termination, Retirement, Death or Disability.

G. At the discretion of the CEO in consultation with the General Counsel, any type of lengthy leave of absence may result in an adjustment of the award. Leaves of absence include time away from work for reasons of short-term disability, FMLA leave, military leave, or other leave of absence.

H. If a grantee Retires or becomes disabled (as defined by Social Security) or deceased during the plan period, the Compensation Committee may consider a pro-rated award based to the grantee or the grantee's beneficiary, as the case may be, upon the actual amount of base salary received during the plan period, subject to the terms and conditions of the 2019 Omnibus Plan.

I. LTIP awards may be subject to assignment laws and other laws that require payment of the incentive award to an individual other than the grantee (such as IRS tax levies, child support arrearages, etc.). The Company will comply with all such applicable assignment laws.

J. The LTIP does not create or imply the existence of a contract of employment. The Company reserves the right to amend, reduce, modify, interpret or discontinue all or part of the LTIP with or without reason as the Compensation Committee deems advisable in its sole and absolute discretion, subject to the terms and conditions of the 2019 Omnibus Plan and the terms and conditions of the grant documents.

K. In the event the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the federal securities laws, the Compensation Committee shall require reimbursement to the Company of the PSUs granted hereunder where: (i) the payment was predicated upon achieving certain financial results that were subsequently the subject of a substantial restatement of the Company's financial statements filed with the SEC; (ii) the Compensation Committee determines the grantee engaged in intentional misconduct that caused or substantially caused the need for the accounting restatement; and (iii) a lower payment would have been made to such officer based upon the restated financial results. In each such instance, the Company will, to the extent practicable, seek to recover from the officer the amount by which any performance-based awards paid to such officer for the relevant period exceeded the lower payment that would have been made based on the restated financial results.

L. In the event and to the extent Company common shares are issued pursuant to awards granted under the LTIP, each grantee who was a NEO on the grant date, and receives such Company common shares, will be subject to the stock ownership guidelines with respect to the net after tax shares received upon exercise of the stock options or vesting of RSUs, and PSUs.

M. The Company reserves the right to require each grantee to execute and deliver to the Company a non-compete/non-solicitation agreement, in the form satisfactory to Company, as a condition of the grant of any award or the payment of any amounts as may be due under the LTIP.

N. Capitalized terms not otherwise defined by this LTIP shall have the meanings ascribed to them in the 2019 Omnibus Plan.

O. In the event of a conflict between this LTIP and any Supplemental Benefits and/or Change in Control Agreement ("**Employment Related Agreements**") between the Company and an Employee, the Employment Related Agreements shall control.

EXHIBITS/EXAMPLES

[***]

6

EXHIBIT 10.2

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [***]

LSI INDUSTRIES INC.
FISCAL YEAR 2025
SHORT-TERM INCENTIVE PLAN
Effective: August 14, 2024

The Fiscal Year 2025 Short-Term Incentive Plan (**STIP**) is designed to motivate executives to achieve the LSI Industries Inc. (**Company**) fiscal year 2025 (**FY25**) operating plan and its Adjusted EBITDA and Net Sales objectives. The STIP has been approved by the Company's Compensation of the Board of Directors Committee (**Compensation Committee**). The FY25 STIP provides for the payment of cash incentive awards to executives if the stated Adjusted EBITDA and Net Sales metrics set forth herein are achieved.

1. **Bonus Potential**. The bonus potential is a percentage payout based on the Company's attainment of the FY25 financial metrics for Adjusted EBITDA and Net Sales. The STIP sets for a Threshold (or minimum), Target and Maximum goals to be achieved changes in FY25 for each metric. If the threshold amount is not achieved for any performance metric, there shall be no payout under such metric. The payout matrix is attached as **EXHIBIT** "**1**" hereto. Below is a summary: dividend policies or amounts or stock splits;

1.1 ● **Adjusted EBITDA Component**

Threshold:	$	[***]
Target:	$	[***]
Maximum:	$	[***]

1.2 **Net Sales Component**

Threshold:	$	[***]
Target:	$	[***]
Maximum:	$	[***]

2. **Performance Mix**. The STI payout shall be based eighty percent (80%) on achievement significant financing developments including pending public sales or offerings of the Adjusted EBITDA metric and twenty percent (20%) on achievement of the Net Sales metric. debt or equity securities;

3. ● **Payout Potential by Executive**.The Compensation Committee has assigned each executive a STIP Target percentage of Base Salary. The Target Assignment is set forth defaults on **Exhibit** "**2**" hereto. The bonus amount is based on a percentage of the executive's base salary or annual hourly wages. An executive may not be moved to a different position category unless a formal request has been submitted and approved by the CEO.

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The threshold is paid at 50% of Target and the Maximum is paid at 200% of Target. The actual STIP award payout will be interpolated between the percentages set forth in Exhibit "1" based on actual results.

4. **Retention of Discretion**. The Compensation Committee maintains the discretion to award additional bonuses. borrowings;

5. ● **Examples**. Examples changes in auditors or notification that the auditor's reports may no longer be relied upon;

● the establishment of the manner in which the payout shall be calculated under the FY25 STIP are set forth on the attached **Exhibit** "**3**." a repurchase plan or program for Company securities;

6. ● **General Terms and Conditions**. The following terms and conditions govern significant cybersecurity incidents, including significant data breaches or the STIP: investigation of such incidents;

A. ● The STIP covers all executives of the Company bankruptcies; and its subsidiaries except for certain sales executives who participate in individual commission-based or quota-based bonus plans unique to such executives' sales territory or vertical. An executive who participates in a commission-based or a quota-based bonus plan is not eligible to participate in the STIP, except as permitted in the discretion of the CEO.

B. ● STIP incentive award payments significant related party transactions.

It is important to remember that materiality determinations are often challenged with the benefit of hindsight and therefore if there is any question whether particular information is material, the employee should not engage in transactions or communicate the information without consulting the Company's General Counsel. Moreover, material information does not have to be directly about a company's business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a security can be material.

(iii) Non-Public

Information is non-public unless it has been disclosed to the investing public. Selective disclosure to a few persons does not make information public. In order to establish that the information has been disclosed to the public, it may be necessary to demonstrate that the information has been widely disseminated. Information generally would be
considered widely disseminated if it has been disclosed through the Dow Jones "broad
tape," newswire services, publication in a widely-available newspaper, magazine or news websites, a Regulation FD-compliant conference call, or public disclosure documents filed with the SEC that are available on the SEC's website.

The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination. In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow one full trading day following publication as a reasonable waiting period before such information is deemed to be public.

(iv) Unauthorized Disclosure

Maintaining the confidentiality of Company information is essential for competitive, security and other business reasons, as well as to comply with securities laws. Directors and employees should treat all information learned about the Company or its business plans in connection with employment as confidential and proprietary to, and as owned
by, the Company. Inadvertent disclosure of confidential or inside information may adversely affect business plans and expose the Company and its directors and employees to significant risk of investigation and litigation.

The timing and nature of the Company's disclosure of material information to outsiders is subject to federal law, the breach of which could result in substantial liability to the Company and its employees. Accordingly, it is important that responses to inquiries about the Company by the press, investment analysts or others in the financial community be made on the Company's behalf only through authorized individuals.

All directors and employees are prohibited from posting or responding to any posting on or in Internet message boards, chat rooms, discussion groups or other publicly accessible forums, with respect to LSI. Keep in mind that any inquiries about LSI should be directed to the Company's Chief Financial Officer.

BLACKOUT PERIODS

The Chief Financial Officer or General Counsel shall notify directors and select employees of the Company when there is a blackout period during which Covered Persons shall be prohibited from engaging in most transactions involving LSI securities. "Covered Persons" include LSI directors and select employees (including executive officers and those employees identified on the attachment to this policy) along with their family members, other members of a person's household and persons or entities they control in a trust or custodial capacity. Note that the Company has the sole and absolute discretion to include, among others, certain administrative staff, information technology employees, sales representatives and other service- providers as "Covered Persons" from time to time. Such notice will generally be delivered by email to such directors and select employees without specific identification of the reason for the blackout. Those periods shall be determined as follows:

(i) The period beginning fifteen days prior to Named Executive Officers and other Corporate Officers shall be approved by the Company's Compensation Committee. The CEO may make discretionary modifications end of the calculated STIP incentive award fiscal quarter and ending one full trading day after the public release of non-Named Executive Officers and Corporate Officers to decrease or increase an executive's bonus actual earnings for special objectives or subjective circumstances. An executive must be employed on the date of the payment of the STIP in order to be eligible to receive a STIP payment. that fiscal quarter.

C. (ii) Definitions: Any other period during the fiscal year deemed appropriate to declare a blackout period as a result of pending news or activity of the Company that could significantly impact the market price of the Company's stock, including the events identified in the section above captioned "Explanation of Key Concepts."

"Adjusted EBITDAPRE-CLEARANCE"

Covered Persons must contact the General Counsel, or in his absence, the Chief Financial Officer, to discuss any plans to engage in any transactions in LSI securities in the open market *prior to* the transaction to determine if there is defined as any reason the Company's consolidated earnings before interest, taxes, depreciation and amortization expenses as adjusted for certain unusual or non-recurring items. The Company's Adjusted EBITDA contemplated transaction should not proceed. If there is nothing that should prohibit the transaction at that time, the Covered Person will be as reported given approval for the transaction. If a Covered Person seeks pre-clearance and permission to engage in the Company's Annual Report on Form 10-K for FY25 transaction is denied, then such Covered Person should refrain from initiating any transaction in LSI's securities and as approved by should not inform any other person of the Compensation Committee. restriction.

"Base SalaryTRANSACTIONS NOT SUBJECT TO THIS POLICY" is

This policy does not apply to the sum following transactions, except as specifically noted:

Stock Option Exercises. This policy does not apply to the exercise (i.e., purchase and hold) of an employee or director stock option acquired pursuant to LSI's plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have LSI withhold shares subject to an option to satisfy tax withholding requirements. This policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Restricted Stock Awards. This policy does not apply to the vesting of restricted stock, or the exercise of a tax withholding right pursuant to which a person elects to have LSI withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. The policy does apply, however, to any market sale of restricted stock.

Nonqualified Deferred Compensation Plan. This policy does not apply to purchases of LSI securities in LSI's Nonqualified Deferred Compensation Plan resulting from periodic (i.e., monthly) contribution of funds to the plan pursuant to payroll deduction elections. This policy also does not apply to distributions of LSI securities out of LSI's Nonqualified Deferred Compensation Plan. As the timing of the weekly salary actually paid annual purchase for LSI shares under the Nonqualified Deferred Compensation Plan is determined by LSI management, such annual purchase shall be subject to this policy.

Pre-arranged Trading Plans. This policy does not apply to purchases or sales of LSI securities by a Covered Person pursuant to pre-arranged trading plans that comply with Rule 10b5-1 and the requirements of this policy applicable to Rule 10b5-1 plans. Use of a pre-arranged trading plan allows a Covered Person to trade in LSI securities or the securities of other companies even during trading blackout periods because trading decisions are made by an independent third party according to a pre-set plan.

All Covered Persons entering into a Rule 10b5-1 trading plan must act in good faith with respect to the employee plan. The Rule 10b5-1 trading plan must be entered into at a time when the Covered Person does not possess material non-public information. The Rule 10b5-1 trading plan may not be entered into during a blackout period. Covered Persons must pre-clear such Rule 10b5-1 trading plans by submitting to the fiscal year. General Counsel, or in his absence, the Chief Financial Officer, a copy of the written Rule 10b5-1 trading plan for review and approval before it can be entered into and effective.

"Net Sales" is The Rule 10b5-1 trading plan must be a written, binding contract, instruction, or other arrangement under specified terms and conditions for the number reported purchase or sale of securities. SEC rules require Covered Persons to include representations in their written Rule 10b5-1 trading plans certifying, at the time of the adoption of a new or modified plan, that: (1) they are not aware of material nonpublic information about LSI or its securities; and (2) they are adopting the plan in good faith and not as such in part of a plan or scheme to evade the Company's financial statements on Form 10-K for FY25 and as approved by the Compensation Committee.

"**Retire**" means to retire from the Company at or after the age prohibitions of 62 and at least 5 years of service. Rule 10b-5. The written Rule 10b5-1 trading plan also must:

D. (i) The Company's fiscal year commences July 1st expressly specify the amount, price, and concludes on June 30th. Executives hired after July 1st and before April 1st will have their STIP prorated to the number date of days employed in the fiscal year. Executives hired after March 31st will not be eligible to participate in the STIP. trades;

E. (ii) At the discretion of the CEO in consultation with the EVP of Human Resources, any type of lengthy leave of absence could result in include a pro-rata reduction of the calculated award. Leaves of absence may include time away from work written formula or algorithm, or computer program, for reasons of short-term disability, FMLA leave, military leave, determining amounts, prices, and dates; or other leave of absence.

F. (iii) If an executive Retires or becomes disabled (as defined by Social Security) or deceased during not permit the fiscal year, Covered Person to exercise any subsequent influence over the Company may consider a pro-rated incentive award payment based upon the actual amount of base salary received during securities to be traded, the fiscal year prior price at which they are to be traded or the date of retirement, disability or death. the trade; provided, in addition, that any other person who does exercise such influence is not aware (or is deemed to be unaware of the material nonpublic information when doing so).

All Rule 10b5-1 trading plans of Covered Persons must have "cooling-off" periods between the date the Rule 10b5-1 trading plan is adopted or modified and when trading under the plan commences. For Covered Persons, the cooling-off period is the later of (i) 90 days after the adoption or modification of the Rule 10b5-1 trading plan or (ii) two business days following the filing of the Form 10-Q or Form 10-K for the fiscal quarter in which the plan was adopted or modified. In any event, the required cooling-off period for Covered Persons must not exceed 120 days following the Rule 10b5-1 trading plan adoption or modification. For employees who are not Covered Persons, the applicable cooling-off period is 30 days after the adoption or modification of the Rule 10b5-1 trading plan.

No Covered Person may maintain or use multiple overlapping Rule 10b5-1 trading plans for open market purchases of LSI securities except as described below. This prohibition does not apply where a person transacts directly with LSI such as in a dividend reinvestment plan, employee stock ownership plan or deferred compensation plan, which are not executed on the open market. Also, the prohibition does not apply to plans authorizing an agent to sell only enough securities as are necessary to satisfy tax withholding obligations arising exclusively from the vesting of a compensatory award, such as on the vesting and settlement of restricted stock units, performance share awards and stock options ("sell-to-cover" Rule 10b5-1 trading plans), provided that the award holder is not permitted to exercise control over the timing of such sales. Also, a Covered Person may maintain two separate Rule 10b5-1 trading plans for open market purchases or sales of LSI securities if trading under the later-commencing plan is not authorized to begin until after all trades under the earlier-commencing plan are completed or expire without execution. If the first plan is terminated early, the first trade under the later-commencing plan, however, must not be scheduled to occur until after the effective cooling-off period following the termination of the earlier plan which, as explained above, is the later of (i) 90 days after the adoption or modification of the Rule 10b5-1 trading plan or (ii) two business days following the filing of the Form 10-Q or Form 10-K for the fiscal quarter in which the plan was adopted or modified. In any event, as explained above, the required cooling-off period for Covered Persons must not exceed 120 days following the Rule 10b5-1 trading plan adoption or modification.

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A Covered Person may enter into only one single-trade Rule 10b5-1 trading plan during any consecutive twelve-month period. A Rule 10b5-1 trading plan will not be treated as a single-trade plan if it gives the Covered Person's agent discretion over whether to execute the plan as a single transaction, or provides that the agent's future acts will depend on events or data not known at the time the plan is entered into and it is reasonably foreseeable at the time the plan is entered into that the plan might result in multiple trades. For the avoidance of doubt, sell-to-cover Rule 10b5-1 trading plans are exempt from the limitation on single-trade plans.

Although transactions effected under a Rule 10b5-1 trading plan will not require further pre-clearance at the time of the trade, any transaction (including the quantity and price) executed pursuant to a trading plan of a Section 16 reporting person must be reported to the Company promptly on the day of each trade to permit the Company's filing coordinator to assist in the preparation and filing of a required Form 4.

The Company reserves the right from time to time to suspend, discontinue or otherwise prohibit any transaction in LSI securities, even pursuant to a previously approved trading plan, if the Chief Executive Officer, Chief Financial Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation or other prohibition is in the best interests of the Company. Any trading plan submitted for approval hereunder should explicitly acknowledge the Company's right to suspend, discontinue or prohibit transactions in LSI securities.

Other Similar Transactions. Any other purchase of LSI securities from LSI or sales of LSI securities to LSI are not subject to this policy.

PLEDGING AND HEDGING

Covered Persons are prohibited from, directly or indirectly, pledging and/or hedging any LSI securities. “Pledging” includes the intentional creation of any form of pledge, security interest, deposit, lien or other hypothecation, including the holding or purchase of shares in a margin account or hypothecating shares as collateral for a loan, that entitles a third-party to foreclose against, or otherwise sell, any equity securities, whether with or without notice, consent, default or otherwise. For purposes of this policy, pledging does not include either the involuntary imposition of liens, such as tax liens or liens arising from legal proceedings, or customary purchase and sale agreements, such as Rule 10b5-1 plans. “Hedging” includes any instrument or transaction, including put options, monetization transactions, equity swaps, forward-sale contracts, collars, exchange funds, prepaid variable forwards and other forward-sale contracts, through which the Covered Person offsets or reduces exposure to the risk of price fluctuations in a corresponding equity security.

SECTION 16 LIABILITY – DIRECTORS AND CERTAIN OFFICERS

All directors and certain officers (designated by the Board) must also comply with the reporting obligations and limitations on short-swing profit transactions set forth in Section 16 of the Securities Exchange Act of 1934. The practical effect of these provisions is that any officer or director who purchases and sells the company’s securities within a six-month period must disgorge all profits to the company whether or not he or she had knowledge of any material non-public information. Under these provisions, and so long as certain other criteria are met, neither the receipt of stock options under the company’s stock plans, nor the exercise of options is deemed a purchase that can be matched against a sale for Section 16(b) short-swing profit disgorgement purposes; however, the sale of any such shares so obtained is a sale for these purposes. Moreover, no such officer or director may ever make a short sale of the company’s stock which is unlawful under Section 16(c) of the Exchange Act.

CONSEQUENCES OF VIOLATING THIS POLICY

Violation of this policy is not only a violation of LSI rules, but may also be a violation of federal law. As a result, a violation of these rules may:

G. (i) STIP Incentive award payments can be subject the violator and the Company to assignment laws and other laws that require payment of large civil liability (up to three times the incentive award to other than the executive (IRS tax levies, child support arrearages, etc.). The Company will comply with all such applicable assignment laws. profit gained, or loss avoided);

H. (ii) The STIP does not create or imply subject the existence violator to criminal prosecution with possible penalties of a contract imprisonment of employment. The Company reserves the right up to amend, reduce, modify, interpret or discontinue all or any part 20 years and additional fines of the STIP with or without reason as the Compensation Committee deems advisable in its sole up to $5 million; and absolute discretion.

I. (iii) An executive’s actual base salary paid on subject the last day violator to termination of FY25 shall be used to calculate employment for cause, whether or not the incentive amount that may be awarded under the STIP. violation results in a violation of law.

EXHIBITS/EXAMPLES**NOTIFICATION**

[***]The Executive Vice President--Human Resources and General Counsel is in charge of implementing and explaining these policies. Please contact the General Counsel, or in his absence the Chief Financial Officer, before you buy or sell LSI securities or other securities or if anything in this policy is unclear to you.

EXHIBIT 31.1

Certification of Principal Executive Officer
Pursuant to Rule 13a-14(a)

I, James A. Clark, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LSI Industries Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(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 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter 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:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 8, 2024 February 7, 2025

/s/ James A. Clark

Principal Executive Officer

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EXHIBIT 31.2

Certification of Principal Financial Officer
Pursuant to Rule 13a-14(a)

I, James E. Galeese, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LSI Industries Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(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 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2024 February 7, 2025

/s/ James E. Galeese

Principal Financial and Accounting Officer

EXHIBIT 32.1

CERTIFICATION OF JAMES A. CLARK

Pursuant to Section 1350 of Chapter 63 of the
United States Code and Rule 13a-14b

In connection with the filing with the Securities and Exchange Commission of the Quarterly Report of LSI Industries Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2024 December 31, 2024 (the "Report"), I, James A. Clark, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James A. Clark

James A. Clark

Chief Executive Officer and
President

Date: November 8, 2024 February 7, 2025

A signed original of this written statement required by Section 906 has been provided to LSI Industries Inc. and will be retained by LSI Industries Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF JAMES E. GALEESE

Pursuant to Section 1350 of Chapter 63 of the
United States Code and Rule 13a-14b

In connection with the filing with the Securities and Exchange Commission of the Quarterly Report of LSI Industries Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2024 December 31, 2024 (the "Report"), I, James E. Galeese, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James E. Galeese

James E. Galeese

Executive Vice President and Chief
Financial and Accounting Officer

Date: November 8, 2024 February 7, 2025

A signed original of this written statement required by Section 906 has been provided to LSI Industries Inc. and will be retained by LSI Industries Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY’S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

REFINITIV