

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 MARCH 31, 2026, OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____.

Commission File No. 0-13375



LSI Industries Inc.

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction
of incorporation or organization)

31-0888951

(I.R.S. Employer Identification No.)

10000 Alliance Road, Cincinnati, Ohio

(Address of principal executive offices)

45242

(Zip Code)

(513) 793-3200

Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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 ☒ 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 ☒ 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 April 30, 2026, there were 36,712,404 shares of the registrant's common stock, no par value per share, outstanding.

LSI INDUSTRIES INC.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2026

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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 March 31,		Nine Months Ended March 31,	
	2026	2025	2026	2025
Net sales	\$ 150,525	\$ 132,481	\$ 454,776	\$ 418,310
Cost of products and services sold	112,286	99,638	338,826	316,959
Gross profit	38,239	32,843	115,950	101,351
Selling and administrative expenses	34,163	26,608	92,037	77,526
Operating income	4,076	6,235	23,913	23,825
Interest expense	474	661	1,794	2,264
Other (income)/expense	244	(22)	671	300
Income before income taxes	3,358	5,596	21,448	21,261
Income tax expense	1,267	1,713	5,745	5,049
Net income	<u>\$ 2,091</u>	<u>\$ 3,883</u>	<u>\$ 15,703</u>	<u>\$ 16,212</u>
Earnings per common share (see Note 6)				
Basic	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.50</u>	<u>\$ 0.54</u>
Diluted	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.48</u>	<u>\$ 0.53</u>
Weighted average common shares outstanding				
Basic	<u>33,018</u>	<u>30,003</u>	<u>31,531</u>	<u>29,841</u>
Diluted	<u>33,855</u>	<u>30,966</u>	<u>32,387</u>	<u>30,790</u>

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

LSI INDUSTRIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)*(In thousands)*

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2026	2025	2026	2025
Net income	\$ 2,091	\$ 3,883	\$ 15,703	\$ 16,212
Foreign currency translation adjustment	(238)	262	(192)	105
Comprehensive income	<u>\$ 1,853</u>	<u>\$ 4,145</u>	<u>\$ 15,511</u>	<u>\$ 16,317</u>

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)

	March 31, 2026	June 30, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,333	\$ 3,457
Accounts receivable, less allowance for credit losses of \$1,192 and \$1,152, respectively	135,794	104,347
Inventories	116,589	79,818
Refundable income tax	2,579	-
Other current assets	13,876	6,544
Total current assets	279,171	194,166
Property, plant and equipment, at cost		
Land	4,010	4,029
Buildings	24,934	24,575
Machinery and equipment	107,612	77,858
Construction in progress	1,690	989
	138,246	107,451
Less accumulated depreciation	(80,441)	(76,297)
Net property, plant and equipment	57,805	31,154
Goodwill	208,444	64,548
Intangible assets, net	200,215	78,258
Operating lease right-of-use assets	51,633	17,187
Deferred tax assets	-	7,302
Other long-term assets, net	3,281	3,747
Total assets	\$ 800,549	\$ 396,362

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)

	March 31, 2026	June 30, 2025
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 58,000	\$ 3,571
Accounts payable	68,813	48,526
Accrued expenses	61,465	45,252
Total current liabilities	188,278	97,349
Long-term debt, less current maturities	203,006	44,986
Operating lease liabilities	40,995	12,047
Other long-term liabilities	3,323	4,695
Deferred tax liabilities	8,850	3,209
Commitments and contingencies (Note 14)	3,286	3,354
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 36,697,563 and 30,054,532 shares, respectively	274,900	163,692
Treasury shares, without par value	(11,283)	(10,011)
Key Executive Compensation	11,283	10,011
Retained earnings	77,274	66,201
Accumulated other comprehensive income	637	829
Total shareholders' equity	352,811	230,722
Total liabilities & shareholders' equity	\$ 800,549	\$ 396,362

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 Compensation Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Number Of Shares	Amount	Number Of Shares	Amount				
Balance at June 30, 2024	<u>29,222</u>	<u>\$ 156,365</u>	<u>(1,036)</u>	<u>\$ (8,895)</u>	<u>\$ 8,895</u>	<u>\$ 47,788</u>	<u>\$ 202</u>	<u>\$ 204,355</u>
Net Income	-	-	-	-	-	6,682	-	6,682
Other comprehensive (loss)	-	-	-	-	-	-	(109)	(109)
Board stock compensation	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	<u>29,796</u>	<u>\$ 158,101</u>	<u>(994)</u>	<u>\$ (8,755)</u>	<u>\$ 8,755</u>	<u>\$ 52,989</u>	<u>\$ 93</u>	<u>\$ 211,183</u>
Net Income	-	-	-	-	-	5,647	-	5,647
Other comprehensive (loss)	-	-	-	-	-	-	(48)	(48)
Board stock compensation	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	<u>29,891</u>	<u>\$ 159,926</u>	<u>(1,022)</u>	<u>\$ (9,261)</u>	<u>\$ 9,261</u>	<u>\$ 57,144</u>	<u>\$ 45</u>	<u>\$ 217,115</u>
Net Income	-	-	-	-	-	3,883	-	3,883
Other comprehensive gain	-	-	-	-	-	-	262	262
Board stock compensation	6	112	-	-	-	-	-	112
ESPP stock awards	4	49	-	-	-	-	-	49
Restricted stock units issued, net of shares withheld for tax withholdings	16	114	-	-	-	-	-	114
Shares issued for deferred compensation	24	447	-	-	-	-	-	447
Activity of treasury shares, net	-	-	(15)	(404)	-	-	-	(404)
Deferred stock compensation	-	-	-	-	404	-	-	404
Stock-based compensation expense	-	1,007	-	-	-	-	-	1,007
Stock options exercised, net	47	220	-	-	-	-	-	220
Dividends — \$0.20 per share	-	-	-	-	-	(1,496)	-	(1,496)
Balance at March 31, 2025	<u>29,988</u>	<u>\$ 161,875</u>	<u>(1,037)</u>	<u>\$ (9,665)</u>	<u>\$ 9,665</u>	<u>\$ 59,531</u>	<u>\$ 307</u>	<u>\$ 221,713</u>

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)

	Common Shares		Treasury Shares		Key Executive Compensation Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Number Of Shares	Amount	Number Of Shares	Amount				
(In thousands, except per share data)								
Balance at June 30, 2025	<u>30,054</u>	<u>\$ 163,692</u>	<u>(1,052)</u>	<u>\$ (10,011)</u>	<u>\$ 10,011</u>	<u>\$ 66,201</u>	<u>\$ 829</u>	<u>\$ 230,722</u>
Net Income	-	-	-	-	-	7,264	-	7,264
Other comprehensive (loss)	-	-	-	-	-	-	(197)	(197)
Board stock compensation	8	135	-	-	-	-	-	135
ESPP stock awards	4	55	-	-	-	-	-	55
Restricted stock units issued, net of shares withheld for tax withholdings	377	297	-	-	-	-	-	297
Shares issued for deferred compensation	22	443	-	-	-	-	-	443
Activity of treasury shares, net	-	-	(13)	(341)	-	-	-	(341)
Deferred stock compensation	-	-	-	-	341	-	-	341
Stock-based compensation expense	-	1,109	-	-	-	-	-	1,109
Stock options exercised, net	613	3,023	-	-	-	-	-	3,023
Dividends — \$0.20 per share	-	-	-	-	-	(1,525)	-	(1,525)
Balance at September 30, 2025	<u>31,078</u>	<u>\$ 168,754</u>	<u>(1,065)</u>	<u>\$ (10,352)</u>	<u>\$ 10,352</u>	<u>\$ 71,940</u>	<u>\$ 632</u>	<u>\$ 241,326</u>
Net Income	-	-	-	-	-	6,348	-	6,348
Other comprehensive gain	-	-	-	-	-	-	243	243
Board stock compensation	6	135	-	-	-	-	-	135
ESPP stock awards	6	94	-	-	-	-	-	94
Restricted stock units issued, net of shares withheld for tax withholdings	-	13	-	-	-	-	-	13
Shares issued for deferred compensation	24	492	-	-	-	-	-	492
Activity of treasury shares, net	-	-	(24)	(493)	-	-	-	(493)
Deferred stock compensation	-	-	-	-	493	-	-	493
Stock-based compensation expense	-	1,001	-	-	-	-	-	1,001
Stock options exercised, net	-	-	-	-	-	-	-	-
Dividends — \$0.20 per share	-	-	-	-	-	(1,555)	-	(1,555)
Balance at December 31, 2025	<u>31,114</u>	<u>\$ 170,489</u>	<u>(1,089)</u>	<u>\$ (10,845)</u>	<u>\$ 10,845</u>	<u>\$ 76,733</u>	<u>\$ 875</u>	<u>\$ 248,097</u>
Net Income	-	-	-	-	-	2,091	-	2,091
Other comprehensive (loss)	-	-	-	-	-	-	(238)	(238)
Board stock compensation	2	45	-	-	-	-	-	45
ESPP stock awards	5	58	-	-	-	-	-	58
Restricted stock units issued, net of shares withheld for tax withholdings	5	(96)	-	-	-	-	-	(96)
Shares issued for deferred compensation	21	438	-	-	-	-	-	438
Activity of treasury shares, net	-	-	(21)	(438)	-	-	-	(438)
Deferred stock compensation	-	-	-	-	438	-	-	438
Equity raise	5,290	98,109	-	-	-	-	-	98,109
Shares used in the acquisition of a business	227	5,000	-	-	-	-	-	5,000
Stock-based compensation expense	-	716	-	-	-	-	-	716
Stock options exercised, net	34	141	-	-	-	-	-	141
Dividends — \$0.20 per share	-	-	-	-	-	(1,550)	-	(1,550)
Balance at March 31, 2026	<u>36,698</u>	<u>\$ 274,900</u>	<u>(1,110)</u>	<u>\$ (11,283)</u>	<u>\$ 11,283</u>	<u>\$ 77,274</u>	<u>\$ 637</u>	<u>\$ 352,811</u>

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)

	Nine Months Ended March 31,	
	2026	2025
<i>(In thousands)</i>		
Cash Flows from Operating Activities		
Net income	\$ 15,703	\$ 16,212
Non-cash items included in net income		
Depreciation and amortization	9,820	9,020
Deferred income taxes	2,024	270
Deferred compensation plan	1,373	1,441
Stock compensation expense	2,826	3,195
ESPP discount	207	159
Issuance of common shares as compensation	315	337
(Gain) loss on disposition of fixed assets	52	(21)
Allowance for credit losses	(178)	93
Inventory obsolescence reserve	(687)	607
Changes in certain assets and liabilities:		
Accounts receivable	5,721	(15,606)
Inventories	(3,684)	131
Refundable income taxes	(787)	304
Accounts payable	3,426	11,532
Accrued expenses and other	(6,890)	2,781
Customer prepayments	3,348	(1,836)
Net cash flows provided by operating activities	32,589	28,619
Cash Flows from Investing Activities		
Proceeds from the sale of fixed assets	116	50
Acquisition of Royston (net of cash acquired and shares used in purchase)	(331,846)	-
Acquisition of CBH (net of cash acquired)	262	(22,797)
Acquisition of EMI	-	(59)
Purchases of property, plant, and equipment	(3,358)	(2,515)
Net cash flows (used in) investing activities	(334,826)	(25,321)
Cash Flows from Financing Activities		
Payments on long-term debt	(1,222,825)	(145,537)
Borrowings on long-term debt	1,435,273	146,668
Equity raise	98,109	-
Cash dividends paid	(4,630)	(4,469)
Shares withheld on employees' taxes	214	(463)
Payments on financing lease obligations	-	(253)
Proceeds from stock option exercises	3,164	842
Net cash flows provided by (used in) financing activities	309,305	(3,212)
Change related to foreign currency	(192)	105
Increase in cash and cash equivalents	6,876	191
Cash and cash equivalents at beginning of period	3,457	4,110
Cash and cash equivalents at end of period	\$ 10,333	\$ 4,301

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 March 31, 2026, the results of its operations for the three and nine-month periods ended March 31, 2026, and 2025, and its cash flows for the nine-month periods ended March 31, 2026, and 2025. These statements should be read in conjunction with the financial statements and footnotes included in the fiscal 2025 Annual Report on Form 10-K. Financial information as of June 30, 2025, 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 2025 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 Main Identification (MID) signage, print / digital graphics, and customer specific metal and millwork products
- Electrical components based on customer specifications

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.

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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			
	March 31, 2026		March 31, 2025	
	Lighting Segment	Display Solutions Segment	Lighting Segment	Display Solutions Segment
Timing of revenue recognition				
Products and services transferred at a point in time	\$ 48,843	\$ 79,350	\$ 49,258	\$ 60,215
Products and services transferred over time	11,195	11,137	9,709	13,299
	<u>\$ 60,038</u>	<u>\$ 90,487</u>	<u>\$ 58,967</u>	<u>\$ 73,514</u>
Type of Product and Services				
Lighting, poles, electronic components	\$ 59,450	\$ -	\$ 58,363	\$ -
Signage and display Products	-	76,134	-	58,459
Project management, installation services, shipping and handling	588	14,353	604	15,055
	<u>\$ 60,038</u>	<u>\$ 90,487</u>	<u>\$ 58,967</u>	<u>\$ 73,514</u>

(In thousands)

	Nine Months Ended			
	March 31, 2026		March 31, 2025	
	Lighting Segment	Display Solutions Segment	Lighting Segment	Display Solutions Segment
Timing of revenue recognition				
Products and services transferred at a point in time	\$ 161,877	\$ 224,557	\$ 145,835	\$ 190,355
Products and services transferred over time	33,887	34,455	29,779	52,341
	<u>\$ 195,764</u>	<u>\$ 259,012</u>	<u>\$ 175,614</u>	<u>\$ 242,696</u>
Type of Product and Services				
Lighting, poles, electronic components	\$ 193,995	\$ -	\$ 173,710	\$ -
Signage and display Products	-	216,302	-	192,634
Project management, installation services, shipping and handling	1,769	42,710	1,904	50,062
	<u>\$ 195,764</u>	<u>\$ 259,012</u>	<u>\$ 175,614</u>	<u>\$ 242,696</u>

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 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 CANADA’S BEST HOLDINGS

On March 11, 2025, the Company acquired Canada’s Best Holdings (CBH), an Ontario Canada-based leading provider of retail fixtures and custom store design solutions for grocery, quick service restaurant, c-store, banking, and specialty retail environments, for \$25.9 million, subject to a working capital adjustment and future potential earnout payments up to \$7.0 million. As of the acquisition date, total purchase consideration of \$28.8 million includes the current fair value of the contingent consideration related to future earnout payments of \$3.4 million. The future earnout payments include revenue and EBITDA goals for the fiscal years ending June 30, 2026 and June 30, 2027. 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 Company funded the initial purchase consideration totaling \$25.9 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 allocated the purchase price of \$28.8 million, which includes 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 allocation was subject to the final determination of the purchase price, which was finalized in fiscal 2026, which includes revisions resulting from the finalization of pre-acquisition tax filing. The Company has finalized the third-party valuations of certain assets including fixed assets and intangible assets. The allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed as of March 11, 2025, is as follows:

<i>(In thousands)</i>	March 11, 2025 as initially reported	Measurement period adjustments	March 11, 2025 as adjusted
Cash and cash equivalents	\$ 4,592	\$ -	\$ 4,592
Accounts receivable	3,907	(55)	3,852
Inventory	4,287	(104)	4,183
Property, plant and equipment	640	1,422	2,062
Operating lease right-of-use assets	5,211	(386)	4,825
Other assets	204	1,790	1,994
Intangible assets	9,955	(353)	9,602
Accounts payable	(29)	2	(27)
Accrued expenses	(472)	(639)	(1,111)
Operating lease liabilities	(2,954)	-	(2,954)
Other long-term liabilities	-	(1,515)	(1,515)
Deferred tax liability	(3,700)	573	(3,127)
Identifiable Assets	21,641	735	22,376
Goodwill	5,748	709	6,457
Net Purchase Consideration	\$ 27,389	\$ 1,444	\$ 28,833

The gross amount of accounts receivable is \$4.3 million.

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Goodwill recorded from the acquisition of CBH is attributable to the impact of the positive cash flow from CBH in addition to expected synergies from the business combination. The intangible assets include amounts recognized for the fair value of the trade name, non-compete agreements and customer relationships. The fair value of the intangible assets was determined based upon the income (discounted cash flow) approach. The following table presents the details of the intangible assets acquired at the date of acquisition:

<i>(in thousands)</i>	Estimated Fair Value	Estimated Useful Life (Years)
Tradename	\$ 991	10
Non-compete agreements	180	3 - 5
Customer relationships	8,431	20
	<u>\$ 9,602</u>	

CBH's post-acquisition results of operations for the period from July 1, 2025, through March 31, 2026, are included in the Company's Condensed Consolidated Statements of Operations. Since the acquisition date, net sales of CBH for the period from July 1, 2025, through March 31, 2026, were \$22.8 million and operating income was \$2.8 million, and net sales of CBH for the period from January 1, 2026, through March 31, 2026, were \$7.5 million and operating income was \$1.1 million. The operating results of CBH are included in the Display Solutions Segment.

Pro Forma Impact of the Acquisition of CBH (Unaudited)

The following table represents unaudited pro forma results of operations and gives effect to the acquisition of CBH as if the transaction had occurred on July 1, 2023. 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 CBH.

The unaudited pro forma financial information for the three and nine months ended March 31, 2025, 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 unaudited pro forma operating income for the three months ended March 31, 2025 of \$6.2 million excludes acquisition-related expenses of \$0.1 million. The unaudited pro forma operating income for the nine months ended March 31, 2025 of \$23.9 million excludes acquisition-related expenses of \$0.3 million.

<i>(in thousands; unaudited)</i>	Three Months Ended March 31, 2025	Nine Months Ended March 31, 2025
Sales	\$ 137,313	\$ 432,807
Gross Profit	\$ 34,579	\$ 106,559
Operating Income	\$ 6,245	\$ 23,853

NOTE 4 — ACQUISITION OF ROYSTON GROUP

On February 20, 2026 the Company entered into an agreement and a plan of merger to acquire SRR Holdings, Inc. (Royston) which was completed on March 24, 2026. Royston is a leading U.S.-based designer and manufacturer of cabinetry and store fixtures, refrigerated and heated cases, and signage for multiple end markets. Royston's customer base spans across large, attractive end-markets of convenience, grocery and gas stations and other retail. Royston was acquired for \$325.0 million; 320.0 million in cash and \$5.0 million in the Company's common stock, subject to a working capital adjustment. The Company prefunded \$13.2 million as an estimate of the cash and working capital acquired which brings the total purchase consideration to \$338.2 million. The amount prefunded for cash and working capital will be adjusted in the fourth quarter of 2026 fiscal year to reflect the actual amounts acquired. The Company incurred acquisition-related costs totaling \$6.5 million which are included in the selling and administrative expense line of the consolidated statements of operations. The Company funded the initial purchase consideration totaling \$338.2 million with a combination of cash on hand, the \$150 million revolving line of credit, the \$200 million five-year term loan, and the \$98.1 million of net proceeds from the Company's February 26, 2026 public common stock offering.

The Company accounted for this transaction as a business combination. The Company has preliminarily allocated the purchase price of \$338.2 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 2027, as well as potential revision resulting from the finalization of pre-acquisition tax filings and net working capital adjustments. The Company has finalized the third-party valuations of certain assets including fixed assets and intangible assets. The allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed as of March 24, 2026, is as follows:

<i>(In thousands)</i>	March 24, 2026 as initially reported	Measurement period adjustments	March 24, 2026 as adjusted
Cash and cash equivalents	\$ 1,353	\$ -	\$ 1,353
Accounts receivable	36,990	-	36,990
Inventory	32,400	-	32,400
Property, plant and equipment	28,500	-	28,500
Prepays expenses and other current assets	8,135	-	8,135
Income tax provision refund	1,792	-	1,792
Operating lease right-of-use assets	22,538	-	22,538
Other assets	1,291	-	1,291
Intangible assets	127,000	-	127,000
Accounts payable	(16,861)	-	(16,861)
Accrued expenses	(18,558)	-	(18,558)
Operating lease liabilities	(19,638)	-	(19,638)
Deferred tax liability	(10,919)	-	(10,919)
Identifiable Assets	194,023	-	194,023
Goodwill	144,176	-	144,176
Net Purchase Consideration	\$ 338,199	\$ -	\$ 338,199

The gross amount of accounts receivable is \$37.2 million.

Goodwill recorded from the acquisition of Royston is attributable to the impact of the positive cash flow from Royston in addition to expected synergies from the business combination. The intangible assets include amounts recognized for the fair value of the trade name, technology assets, non-compete agreements and customer relationships. The fair value of the intangible assets was determined based upon the income (discounted cash flow) approach. The following table presents the details of the intangible assets acquired at the date of acquisition:

<i>(in thousands)</i>	Estimated Fair Value	Estimated Useful Life (Years)
Tradename	\$ 23,600	Indefinite
Technology assets	17,800	7
Non-compete agreements	1,300	5
Customer relationships	84,300	15
	<u>\$ 127,000</u>	

Royston's post-acquisition results of operations for the period from March 24, 2026, through March 31, 2026, are included in the Company's Condensed Consolidated Statements of Operations. Since the acquisition date, net sales of Royston for the period from March 24, 2025, through March 31, 2026, were \$6.6 million and operating income was \$0.8 million. The operating results of Royston are included in the Display Solutions Segment.

Pro Forma Impact of the Acquisition of Royston (Unaudited)

The following table represents unaudited pro forma results of operations and gives effect to the acquisition of Royston as if the transaction had occurred on July 1, 2024. 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 Royston.

The unaudited pro forma financial information for the three and nine months ended March 31, 2026, 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 unaudited pro forma operating income for the three months ended March 31, 2026 of (\$9.4) million excludes acquisition-related expenses of \$21.4 million. The unaudited pro forma operating income for the nine months ended March 31, 2026 of \$8.0 million excludes acquisition-related expenses of \$21.8 million.

	Three Months		Nine Months Ended	
	Ended		March 31,	
	March 31,		March 31,	
	2026		2026	
<i>(in thousands; unaudited)</i>				
Sales	\$	205,929	\$	637,547
Gross Profit	\$	48,003	\$	156,022
Operating Income	\$	(9,414)	\$	8,051

NOTE 5 - 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 leadership team reporting directly to the CODM with responsibilities for managing the performance across the segments.

The Company's methods for measuring profitability under GAAP on a reportable segment basis and used by the CODM to assess performance is adjusted net income. These measurements are used to monitor performance compared to prior periods and forecasted results. The CODM does not look at disaggregated expenses at the segment level. The CODM does review expenses on a consolidated basis which is consistent with the categories of expense reported on the consolidated statements of operations.

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, non-digital signage, menu board systems, millwork and metal display fixtures, refrigerated displays, heated 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, 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 represent 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.

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The Company's corporate administration activities are reported in the Unallocated corporate expenses net of tax line item. These activities primarily include 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 nine months ended March 31, 2026, or 2025. There was no concentration of accounts receivable at March 31, 2026, or 2025. There is no concentration of revenues or assets outside of United States.

Summarized financial information for the Company's operating segments is provided for the indicated periods and as of March 31, 2026, and March 31, 2025:

(In thousands)

	Three Months Ended March 31, 2026			Nine Months Ended March 31, 2026		
	Lighting	Display	Segment Total	Lighting	Display	Segment Total
Total sales	\$ 62,860	\$ 90,630	\$ 153,490	\$ 205,080	\$ 259,698	\$ 464,778
Inter-segment sales	(2,822)	(143)	(2,965)	(9,316)	(686)	(10,002)
Net sales	60,038	90,487	150,525	195,764	259,012	454,776
Other segment items *	(53,637)	(82,922)	(136,559)	(175,802)	(238,388)	(414,190)
Adjusted net income	6,401	7,565	13,966	19,962	20,624	40,586
Unallocated corporate expenses			(3,893)			(11,025)
Interest expense			(474)			(1,794)
Long-term performance based compensation			(597)			(2,264)
Amortization expense on acquired intangible assets			(1,377)			(3,653)
Restructuring / severance costs			(19)			35
Acquisition costs			(4,898)			(5,205)
Lease expense on the step-up basis of acquired leases			(241)			(340)
Foreign currency transaction loss on intercompany loan			147			(207)
Tax rate difference between reported and adjusted net income			(523)			(430)
Net income			<u>\$ 2,091</u>			<u>\$ 15,703</u>

* Costs of products and services sold, selling and administrative expenses, other income and expense, and income tax expense

(In thousands)

	Three Months Ended March 31, 2025			Nine Months Ended March 31, 2025		
	Lighting	Display	Segment Total	Lighting	Display	Segment Total
Total sales	\$ 62,302	\$ 73,796	\$ 136,098	\$ 190,984	\$ 243,284	\$ 434,268
Inter-segment sales	(3,334)	(283)	(3,617)	(15,371)	(587)	(15,958)
Net sales	58,968	73,513	132,481	175,613	242,697	418,310
Other segment items *	(53,196)	(67,466)	(120,662)	(159,677)	(224,475)	(384,152)
Adjusted net income	5,772	6,047	11,819	15,936	18,222	34,158
Unallocated corporate expenses			(4,827)			(9,587)
Interest expense			(661)			(2,264)
Long-term performance based compensation			(879)			(3,039)
Amortization expense on acquired intangible assets			(1,128)			(3,260)
Restructuring / severance costs			-			(45)
Acquisition costs			(577)			(627)
Lease expense on the step-up basis of acquired leases			(52)			(155)
Consulting expense: commercial growth initiatives			-			(62)
Tax rate difference between reported and						

adjusted net income		188	1,093
Net income	\$	<u>3,883</u>	<u>16,212</u>

* Costs of products and services sold, selling and administrative expenses, other income and expense, and income tax expense

(In thousands)

(In thousands)	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2026	2025	2026	2025
Capital Expenditures:				
Lighting Segment	\$ 490	\$ 246	\$ 1,228	\$ 1,467
Display Solutions Segment	251	358	2,062	934
	<u>\$ 741</u>	<u>\$ 604</u>	<u>\$ 3,290</u>	<u>\$ 2,401</u>
Total segment capital expenditures	\$ 741	\$ 604	\$ 3,290	\$ 2,401
Other unallocated capital expenditures	(34)	86	68	114
Consolidated capital expenditures	<u>\$ 707</u>	<u>\$ 690</u>	<u>\$ 3,358</u>	<u>\$ 2,515</u>
Income Tax Expense:				
Lighting Segment	\$ 1,201	\$ 2,063	\$ 5,147	\$ 5,103
Display Solutions Segment	2,245	992	5,700	5,298
	<u>\$ 3,446</u>	<u>\$ 3,055</u>	<u>\$ 10,847</u>	<u>\$ 10,401</u>
Total segment income tax expense	\$ 3,446	\$ 3,055	\$ 10,847	\$ 10,401
Other unallocated income tax (credit)	(2,179)	(1,342)	(5,102)	(5,352)
Consolidated income tax expense	<u>\$ 1,267</u>	<u>\$ 1,713</u>	<u>\$ 5,745</u>	<u>\$ 5,049</u>
Depreciation and Amortization:				
Lighting Segment	\$ 1,279	\$ 1,284	\$ 3,816	\$ 3,778
Display Solutions Segment	2,012	1,693	5,703	4,984
	<u>\$ 3,291</u>	<u>\$ 2,977</u>	<u>\$ 9,519</u>	<u>\$ 8,762</u>
Total segment depreciation and amortization	\$ 3,291	\$ 2,977	\$ 9,519	\$ 8,762
Other unallocated depreciation and amortization	101	84	301	258
Consolidated depreciation and amortization	<u>\$ 3,392</u>	<u>\$ 3,061</u>	<u>\$ 9,820</u>	<u>\$ 9,020</u>
	March 31, 2026		June 30, 2025	
Identifiable Assets:				
Lighting Segment	\$ 130,617		\$ 132,960	
Display Solutions Segment	664,562		253,299	
	<u>\$ 795,179</u>		<u>\$ 386,259</u>	
Total Segment assets	\$ 795,179		\$ 386,259	
Deferred tax assets	-		5,495	
Other unallocated assets	5,370		4,608	
Consolidated assets	<u>\$ 800,549</u>		<u>\$ 396,362</u>	

The segment net sales reported above represent sales to external customers. Identifiable assets are those assets used by each segment in its operations.

NOTE 6 - 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 March 31,		Nine Months Ended March 31,	
	2026	2025	2026	2025
BASIC EARNINGS PER SHARE				
Net Income	<u>\$ 2,091</u>	<u>\$ 3,883</u>	<u>\$ 15,703</u>	<u>\$ 16,212</u>
Weighted average shares outstanding during the period, net of treasury shares	31,836	28,904	30,390	28,754
Weighted average vested restricted stock units outstanding	82	71	62	78
Weighted average shares outstanding in the Deferred Compensation Plan during the period	1,100	1,028	1,079	1,009
Weighted average shares outstanding	<u>33,018</u>	<u>30,003</u>	<u>31,531</u>	<u>29,841</u>
Basic income per share	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.50</u>	<u>\$ 0.54</u>
DILUTED EARNINGS PER SHARE				
Net Income	<u>\$ 2,091</u>	<u>\$ 3,883</u>	<u>\$ 15,703</u>	<u>\$ 16,212</u>
Weighted average shares outstanding				
Basic	33,018	30,003	31,531	29,841
Effect of dilutive securities (a):				
Impact of common shares to be issued under stock option plans, and contingently issuable shares, if any	837	963	856	949
Weighted average shares outstanding	<u>33,855</u>	<u>30,966</u>	<u>32,387</u>	<u>30,790</u>
Diluted income per share	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.48</u>	<u>\$ 0.53</u>
Anti-dilutive securities (b)	3	35	2	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 nine months ended March 31, 2026, and March 31, 2025, 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 7 – INVENTORIES, NET

The following information is provided as of the dates indicated:

<i>(In thousands)</i>	<u>March 31, 2026</u>	<u>June 30, 2025</u>
Inventories:		
Raw materials	\$ 82,815	\$ 60,726
Work-in-progress	11,625	7,942
Finished goods	22,149	11,150
Total Inventories	<u>\$ 116,589</u>	<u>\$ 79,818</u>

NOTE 8 - ACCRUED EXPENSES

The following information is provided as of the dates indicated:

<i>(In thousands)</i>	<u>March 31, 2026</u>	<u>June 30, 2025</u>
Accrued Expenses:		
Customer prepayments	\$ 7,419	\$ 4,070
Compensation and benefits	14,394	12,471
Accrued warranty	7,427	7,505
Accrued sales commissions	2,714	3,956
Accrued freight	2,086	1,978
Operating lease liabilities	12,157	6,037
Income taxes	1,792	1,848
Accrued rebate	2,403	-
Accrued sales and use tax	651	-
Other accrued expenses	10,422	7,387
Total Accrued Expenses	<u>\$ 61,465</u>	<u>\$ 45,252</u>

NOTE 9 - 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 six reporting units that contain goodwill. One reporting unit is within the Lighting Segment and five 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.

As of March 1, 2026, the Company performed its annual goodwill impairment test on the five reporting units that contain goodwill as of that date. The goodwill impairment test of the reporting unit in the Lighting Segment passed with a business enterprise value of \$34.0 million or 13% above the carrying value of the reporting unit including goodwill. The goodwill impairment test of one reporting unit with goodwill in the Display Solutions Segment passed with an estimated business enterprise value of \$27.3 million or significantly above the carrying value of the reporting unit including goodwill. The goodwill impairment test of the second reporting unit with goodwill in the Display Solutions Segment passed with an estimated business enterprise value of \$114.9 million or 41% above the carrying value of the reporting unit including goodwill. The goodwill impairment test of the third reporting unit with goodwill in the Display Solutions Segment passed with an estimated business enterprise value of \$65.7 million or 47% above the carrying value of the reporting unit including goodwill. The goodwill impairment test of the fourth reporting unit with goodwill in the Display Solutions Segment passed with an estimated business enterprise value of \$26.6 million or 132% above the carrying value of the reporting unit including goodwill. The fifth reporting unit with goodwill in the Display Solutions Segment was acquired on March 24, 2026 which will be included in the annual goodwill impairment analysis as of March 1, 2027.

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

<i>(In thousands)</i>	Lighting Segment	Display Solutions Segment	Total
Balance as of March 31, 2026			
Goodwill	\$ 70,971	\$ 82,865	\$ 153,836
Goodwill acquired, net of adjustments	-	143,914	143,914
Foreign currency translation	-	(18)	(18)
Accumulated impairment losses	(61,763)	(27,525)	(89,288)
Goodwill, net as of March 31, 2026	<u>\$ 9,208</u>	<u>\$ 199,236</u>	<u>\$ 208,444</u>
Balance as of June 30, 2025			
Goodwill	\$ 70,971	\$ 75,714	\$ 146,685
Goodwill acquired, net of adjustments	-	6,769	6,769
Foreign currency translation	-	382	382
Accumulated impairment losses	(61,763)	(27,525)	(89,288)
Goodwill, net as of June 30, 2025	<u>\$ 9,208</u>	<u>\$ 55,340</u>	<u>\$ 64,548</u>

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

<i>(In thousands)</i>	March 31, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Amortized Intangible Assets			
Customer relationships	\$ 162,609	\$ 28,541	\$ 134,068
Patents	268	268	-
LED technology, software	41,926	19,973	21,953
Trade name	3,685	1,563	2,122
Non-compete	1,886	396	1,490
Total Amortized Intangible Assets	<u>\$ 210,374</u>	<u>\$ 50,741</u>	<u>\$ 159,633</u>
Indefinite-lived Intangible Assets			
Trademarks and trade names	40,582	-	40,582
Total indefinite-lived Intangible Assets	<u>40,582</u>	<u>-</u>	<u>40,582</u>
Total Other Intangible Assets	<u>\$ 250,956</u>	<u>\$ 50,741</u>	<u>\$ 200,215</u>

(In thousands)

	June 30, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Amortized Intangible Assets			
Customer relationships	\$ 78,485	\$ 25,251	\$ 53,234
Patents	268	268	-
LED technology, software	24,126	18,694	5,432
Trade name	3,704	1,404	2,300
Non-compete	590	280	310
Total Amortized Intangible Assets	<u>\$ 107,173</u>	<u>\$ 45,897</u>	<u>\$ 61,276</u>
Indefinite-lived Intangible Assets			
Trademarks and trade names	16,982	-	16,982
Total indefinite-lived Intangible Assets	<u>16,982</u>	<u>-</u>	<u>16,982</u>
Total Other Intangible Assets	<u>\$ 124,155</u>	<u>\$ 45,897</u>	<u>\$ 78,258</u>

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2026	2025	2026	2025
Amortization expense of other intangible assets	\$ 1,732	\$ 1,448	\$ 4,844	\$ 4,264

The Company expects to record annual amortization expense as follows:

(In thousands)

2026	\$ 8,507
2027	\$ 14,430
2028	\$ 13,990
2029	\$ 13,350
2030	\$ 13,343
After 2030	\$ 101,046

NOTE 10 - DEBT

The Company's long-term debt as of March 31, 2026, and June 30, 2025, consisted of the following:

<i>(In thousands)</i>	March 31, 2026	June 30, 2025
Secured line of credit	\$ 200,000	\$ 36,956
Term loan, net of debt issuance costs of \$8 and \$14, respectively	61,006	11,601
Total debt	\$ 261,006	\$ 48,557
Less: amounts due within one year	58,000	3,571
Total amounts due after one year, net	\$ 203,006	\$ 44,986

In March of 2026, the Company entered into a \$350 million senior secured credit facility consisting of a \$200 million five-year term loan and a \$150 million revolving credit facility. The Company is required to make quarterly amortization payments of \$2.5 million against the term loan, with the balance of the term loan due at maturity on March 24, 2031. The revolving credit facility is also scheduled to expire on March 24, 2031. Interest on the term loan and any loans made under the revolving credit facility is based on the Secured Overnight Financing Rate ("SOFR") or a customary base rate (which may include Daily Simple SOFR or the Prime Rate), to be determined by reference to customary market benchmarks, in each case plus an applicable margin that is anticipated to vary based on the Company's consolidated total net leverage ratio, which is calculated to be consolidated funded debt minus unrestricted cash and cash equivalents against earnings before interest, taxes, depreciation, and amortization ("EBITDA"), as defined in the line of credit agreement. As of March 31, 2026, the interest rate applicable to the term loan was 5.5% and the Company's borrowing rate against its revolving line of credit was 6.2%. The increment over the SOFR borrowing rate is 250 basis points for the third quarter of fiscal year 2026. In addition to interest on outstanding amounts, the Company also pays a commitment fee on the unused balance of the revolving credit facility, fluctuates between 17.5 and 27.5 basis points based on the Company's consolidated total net leverage ratio. Under the terms of the credit agreement, the Company is required to comply with a financial covenant that limits the ratio of indebtedness and unrestricted cash to EBITDA measured on a quarterly basis, with a maximum net leverage ratio of 4.00 to 1.00 at closing, which then steps down to 3.75 to 1.00 in the fiscal quarter ending December 31, 2026 and further to 3.50 to 1.00 in the fiscal quarter ending September 30, 2027. The Company is also required to maintain an interest coverage ratio, measured on a quarterly basis, equal to or above the minimum set forth in the agreement, which as of closing was 1.15 to 1.00. As of March 31, 2026, there was \$88.9 million available for borrowing under the revolving credit facility for general business purposes.

The Company is in compliance with all of its loan covenants as of March 31, 2026.

NOTE 11 - CASH DIVIDENDS

The Company paid cash dividends of \$4.6 million and \$4.5 million for the nine months ended March 31, 2026, and March 31, 2025, respectively. Dividends on restricted stock units in the amount of \$0.2 million and \$0.2 million were accrued as of both March 31, 2026, and 2025, respectively. These dividends will be paid upon the vesting of the restricted stock units when shares are issued to the award recipients. In April 2026, the Board of Directors declared a regular quarterly cash dividend of \$0.05 per share payable May 12, 2026, to shareholders of record as May 4, 2026. The indicated annual cash dividend rate is \$0.20 per share.

NOTE 12 – 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 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-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 1,016,256 as of March 31, 2026.

In the nine months ended March 31, 2026, the Company granted 121,440 PSUs and 85,958 RSUs, both with a weighted average market value of \$19.54. Stock compensation expense was \$0.9 million and \$1.0 million for the three months ended March 31, 2026, and 2025, respectively, and \$3.0 million and \$3.2 million in the nine months ended March 31, 2026, and 2025, 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 2026, employees purchased 14,000 shares. At March 31, 2026, 211,000 shares remained available for purchase under the ESPP.

NOTE 13 - SUPPLEMENTAL CASH FLOW INFORMATION

(in thousands)

	Nine Months Ended March 31,	
	2026	2025
Cash Payments:		
Interest	\$ 1,581	\$ 2,036
Income taxes	\$ 6,291	\$ 4,201
Non-cash investing and financing activities		
Issuance of common shares as compensation	\$ 315	\$ 337
Issuance of common shares in the acquisition of a business	\$ 5,000	\$ -
Issuance of common shares to fund deferred compensation plan	\$ 1,373	\$ 1,441
Issuance of common shares to fund ESPP plan	\$ 207	\$ 159

NOTE 14 - 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 recorded a \$3.4 million contingent liability related to the future earnout payments as part of the acquisition of Canada's Best Holding (CBH). (Refer to Note 3.) The decrease to \$3.3 million from \$3.4 million represents the value of the earnout converted from its functional currency to USD as of March 31, 2026, and June 30, 2025, respectively.

NOTE 15 - 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. The Company's leases are operating leases and have a remaining term of one to nine 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 2026 as a result of the acquisition of Royston; most of Royston'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 March 31, 2026, and 2025.

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 March 31,		Nine Months Ended March 31,	
	2026	2025	2026	2025
<i>(In thousands)</i>				
Operating lease cost	\$ 3,623	\$ 1,679	\$ 10,475	\$ 4,910
Financing lease cost:				
Amortization of right-of-use assets	-	73	-	218
Interest on lease liabilities	-	9	-	30
Variable lease cost	-	-	-	7
Sublease income	-	-	-	(39)
Total lease cost	<u>\$ 3,623</u>	<u>\$ 1,761</u>	<u>\$ 10,475</u>	<u>\$ 5,126</u>

Supplemental Cash Flow Information:	Nine Months Ended March 31,	
	2026	2025
<i>(in thousands)</i>		
Cash flows from operating leases		
Fixed payments - operating lease cash flows	\$ 10,195	\$ 5,055
Liability reduction - operating cash flows	\$ 8,320	\$ 4,328
Assets obtained in exchange for operating lease obligations	\$ 19,733	\$ 6,577
Cash flows from finance leases		
Interest - operating cash flows	\$ -	\$ 30
Repayments of principal portion - financing cash flows	\$ -	\$ 253

Operating Leases:	March 31, 2026	June 30, 2025
Total operating right-of-use assets	\$ 51,633	\$ 17,187
Accrued Expenses	12,157	6,037
Long-term operating lease liability	40,995	12,047
Total operating lease liabilities	<u>\$ 53,152</u>	<u>\$ 18,084</u>
Weighted Average remaining Lease Term (in years)	6.40	3.49
Weighted Average Discount Rate	5.30%	5.70%

Maturities of Lease Liability:	Operating Lease Liabilities	Finance Lease Liabilities	Net Lease Commitments
2027	\$ 12,157	\$ -	\$ 12,157
2028	11,853	-	11,853
2029	8,805	-	8,805
2030	6,501	-	6,501
2031	5,091	-	5,091
Thereafter	19,083	-	19,083
Total lease payments	\$ 63,490	\$ -	\$ 63,490
Less: Interest	(10,338)	-	(10,338)
Present Value of Lease Liabilities	\$ 53,152	\$ -	\$ 53,152

NOTE 16 – 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. For the three months ended March 31, 2026 the anticipated rate is significantly greater than the statutory tax rate because of certain non-deductible transaction costs related to the Royston acquisition included in the projected effective tax rate.

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2026	2025	2026	2025
Reconciliation of effective tax rate:				
Provision for income taxes at the anticipated annual tax rate	38.8%	32.7%	27.0%	27.9%
Uncertain tax positions	2.8	1.3	0.8	0.2
Deferred income tax adjustment	-	-	-	0.8
Share-based compensation	(3.9)	(3.4)	(1.0)	(5.1)
Effective tax rate	<u>37.7%</u>	<u>30.6%</u>	<u>26.8%</u>	<u>23.8%</u>

NOTE 17 – RELATED PARTY

A limited liability company owned (the "LLC") and controlled by LSI's Chief Executive Officer, James A. Clark, owns an aircraft that is dry leased to an unrelated third party. Pursuant to a separate arrangement, the third-party dry leases the aircraft to LSI for qualifying business travel by certain of the Company's executive officers. Payments made by LSI depend on actual usage. For the period from July 2025 through March 2026, the LLC received aggregate payments of \$177,000 in connection with this arrangement.

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 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, 2025, 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

(In thousands)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2026	2025	2026	2025
Lighting Segment	\$ 60,038	\$ 58,967	\$ 195,764	\$ 175,614
Display Solutions Segment	90,487	73,514	259,012	242,696
Total Net Sales	<u>\$ 150,525</u>	<u>\$ 132,481</u>	<u>\$ 454,776</u>	<u>\$ 418,310</u>

Operating Income (Loss) by Business Segment

(In thousands)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2026	2025	2026	2025
Lighting Segment	\$ 6,938	\$ 7,154	\$ 23,034	\$ 18,885
Display Solutions Segment	7,895	4,510	22,562	20,344
Corporate and Eliminations	(10,757)	(5,429)	(21,683)	(15,404)
Total Operating Income	<u>\$ 4,076</u>	<u>\$ 6,235</u>	<u>\$ 23,913</u>	<u>\$ 23,825</u>

Net sales of \$150.5 million for the three months ended March 31, 2026, increased 14% as compared to net sales of \$132.5 million for the three months ended March 31, 2025. The increase in net sales reflects growth in both of the Company’s segments with a 23% sales growth in the Display Solutions segment and a 2% sales growth in the Lighting segment. The 23% growth in the Display Solutions Segment was primarily driven by strong demand levels across a broad base of customers in both the grocery and refueling/c-store verticals. Third quarter net sales in the Display Solutions segment also reflects Royston net sales of \$6.6 million for the 6-day stub period. Royston was acquired on March 24, 2026. Lighting Segment sales improved 2% compared to the same period last year despite a lengthening project quote to order conversion period.

Net sales of \$454.8 million for the nine months ended March 31, 2026, increased 9% as compared to net sales of \$418.3 million for the nine months ended March 31, 2025. The increase in net sales reflects growth in both of the Company’s segments with a 7% sales growth in the Display Solutions segment and a 12% sales growth in the Lighting segment. As stated in the overview of the third quarter, the demand levels across a broad base of customers in both the grocery and refueling/c-store verticals contributed to the year-over-year growth in the Display Solutions segment. Net sales in the period for the Display Solutions segment also reflects Royston net sales of \$6.6 million for the 6-day stub period. Royston was acquired on March 24, 2026. Growth in the Lighting Segment continued for the third straight quarter with period-over-period sales growth contributing to the year-to-date growth in net sales of 12%.

Operating income of \$4.1 million for the three months ended March 31, 2026, represents a 35% decrease in operating income from \$6.2 million in the three months ended March 31, 2025. Operating income for the three months ended March 31, 2026, was impacted by \$6.5 million of acquisition-related costs. Adjusted operating income, a Non-GAAP measure, was \$13.4 million in the three months ended March 31, 2026, representing a 39% increase compared to adjusted operating income of \$9.7 million in the three months ended March 31, 2025. Refer to “Non-GAAP Financial Measures” below for a reconciliation of Non-GAAP financial measures to U.S. GAAP measures. The quarter-over-quarter sales growth of 14% coupled with improved margins resulting from improved productivity and price optimization resulted in leveraged adjusted operating income growth.

Operating income of \$23.9 million for the nine months ended March 31, 2026, represents a slight increase from operating income of \$23.8 million in the nine months ended March 31, 2025. Operating income for the three months ended March 31, 2026, was impacted by \$6.9 million of acquisition-related costs. Adjusted operating income, a Non-GAAP financial measure, was \$39.1 million in the nine months ended March 31, 2026, compared to adjusted operating income of \$33.2 million in the nine months ended March 31, 2025. Refer to “Non-GAAP Financial Measures” below for a reconciliation of Non-GAAP financial measures to U.S. GAAP measures. The year-over-year sales growth of 9% coupled with improved margins resulting from improved productivity and price optimization resulted in the growth in operating income.

Non-GAAP Financial Measures

This report includes adjustments to GAAP operating income, net income, and earnings per share for the three months and nine months ended March 31, 2026, and 2025. 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. 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.

Reconciliation of operating income to adjusted operating income:	Three Months Ended	
	March 31,	
	2026	2025
<i>(In thousands)</i>		
Operating income as reported	\$ 4,076	\$ 6,235
Long-term performance based compensation	715	1,116
Amortization expense of acquired intangible assets	1,732	1,465
Restructuring/severance costs	25	-
Acquisition costs	6,519	774
Lease expense on the step-up basis of acquired leases	317	67
Adjusted operating income	<u>\$ 13,384</u>	<u>\$ 9,657</u>

Reconciliation of net income to adjusted net income
(In thousands, except per share data)

Reconciliation of net income to adjusted net income (In thousands, except per share data)	Three Months Ended March 31,							
	2026		2025					
	Diluted EPS		Diluted EPS					
Net income as reported	\$	2,091	\$	0.06	\$	3,883	\$	0.13
Long-term performance based compensation		597(1)		0.02		879(7)		0.02
Amortization expense of acquired intangible assets		1,377(2)		0.05		1,128(8)		0.04
Restructuring/severance costs		19(3)		-		-		-
Acquisition costs		4,898(4)		0.15		577(9)		0.02
Lease expense on the step-up basis of acquired leases		241(5)		0.01		52(10)		-
Foreign Currency transaction loss on intercompany loan		) (147(6)		(0.01)		-		-
Tax rate difference between reported and adjusted net income		523		0.01		(188)		(0.01)
Net income adjusted	\$	9,599	\$	0.29	\$	6,331	\$	0.20

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) \$118
- (2) \$355
- (3) \$6
- (4) \$1,621
- (5) \$76
- (6) (\$49)
- (7) \$237
- (8) \$337
- (9) \$197
- (10) \$15

Reconciliation of operating income to adjusted operating income:	Nine Months Ended	
	March 31,	
	2026	2025
<i>(In thousands)</i>		
Operating income as reported	\$ 23,913	\$ 23,825
Long-term performance based compensation	2,999	3,969
Amortization expense of acquired intangible assets	4,844	4,281
Restructuring/severance costs	(46)	60
Consulting expense: commercial growth opportunities	-	81
Acquisition costs	6,939	822
Lease expense on the step-up basis of acquired leases	453	203
Adjusted operating income	<u>\$ 39,102</u>	<u>\$ 33,241</u>

Reconciliation of net income to adjusted net income	Nine Months Ended			
	March 31,			
	2026		2025	
<i>(In thousands, except per share data)</i>		Diluted EPS		Diluted EPS
Net income as reported	\$ 15,703	\$ 0.48	\$ 16,212	\$ 0.53
Long-term performance based compensation	2,264(1)	0.07	3,039(7)	0.09
Amortization expense of acquired intangible assets	3,653(2)	0.12	3,260(8)	0.11
Restructuring/severance costs	(35(3)	-	45(9)	-
Acquisition costs	5,205(4)	0.16	627(10)	0.02
Lease expense on the step-up basis of acquired leases	340(5)	0.01	155(11)	0.01
Consulting expense: commercial growth opportunities	-	-	62(12)	-
Foreign Currency transaction loss on intercompany loan	207(6)	0.01	-	-
Tax rate difference between reported and adjusted net income	430	0.01	(1,093	(0.03)
Net income adjusted	<u>\$ 27,767</u>	<u>\$ 0.86</u>	<u>\$ 22,307</u>	<u>\$ 0.73</u>

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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) \$735
- (2) \$1,191
- (3) \$113
- (4) (\$11)
- (5) \$1,734
- (6) \$52
- (7) \$930
- (8) \$1,021
- (9) \$15
- (10) \$195
- (11) \$48
- (12) \$19

Reconciliation of net income to EBITDA and adjusted EBITDA	Three Months Ended March 31,		Nine Months Ended March 31,	
	2026	2025	2026	2025
<i>(In thousands)</i>				
Net income - reported	\$ 2,091	\$ 3,883	\$ 15,703	\$ 16,212
Income tax	1,267	1,713	5,745	5,049
Interest expense, net	474	661	1,794	2,264
Other expense (income)	244	(22)	671	300
Operating income as reported	\$ 4,076	\$ 6,235	\$ 23,913	\$ 23,825
Depreciation and amortization	3,394	3,062	9,820	9,020
EBITDA	\$ 7,470	\$ 9,297	\$ 33,733	\$ 32,845
Acquisition costs	6,519	774	6,939	822
Long-term performance based compensation	715	1,116	2,999	3,969
Consulting expense: commercial growth opportunities	-	-	-	81
Restructuring/severance costs	25	-	(46)	60
Lease expense on the step-up basis of acquired leases	317	67	453	203
Adjusted EBITDA	\$ 15,046	\$ 11,254	\$ 44,078	\$ 37,980
Reconciliation of cash flow from operations to free cash flow	Three Months Ended March 31,		Nine Months Ended March 31,	
	2026	2025	2026	2025
<i>(In thousands)</i>				
Cash flow from operations	\$ 6,930	\$ 6,882	\$ 32,589	\$ 28,619
Capital expenditures	(591)	(690)	(3,242)	(2,515)
Free cash flow	\$ 6,339	\$ 6,192	\$ 29,347	\$ 26,104

Net debt to adjusted EBITDA
(In thousands)

	March 31,	
	2026	2025
Current portion and long-term debt as reported	\$ 58,000	\$ 3,571
Long-Term Debt	203,006	51,789
Debt as reported	\$ 261,006	\$ 55,360
Less:		
Cash and cash equivalents as reported	(10,333)	(4,301)
Net debt	\$ 250,673	\$ 51,059
Adjusted EBITDA - Trailing 12 Months	\$ 92,970	\$ 52,024
Net debt to adjusted EBITDA	2.7	1.0

Results of Operations
THREE MONTHS ENDED MARCH 31, 2026, COMPARED TO THREE MONTHS ENDED MARCH 31, 2025
Display Solutions Segment
(In thousands)

	Three Months Ended March 31,	
	2026	2025
Net Sales	\$ 90,487	\$ 73,514
Gross Profit	\$ 17,323	\$ 12,457
Operating Income	\$ 7,895	\$ 4,510

Display Solutions net sales of \$90.5 million increased 23% from same period in fiscal 2025. The 23% growth in the Display Solutions Segment was primarily driven by strong demand levels across a broad base of customers in both the grocery and refueling/c-store verticals. Third quarter net sales in the Display Solutions segment also reflects Royston net sales of \$6.6 million for the 6-day stub period. Royston was acquired on March 24, 2026.

Gross profit of \$17.3 million in the three months ended March 31, 2026, increased 39% from the same period of fiscal 2025. Gross profit as a percentage of net sales improved 220 basis points from the same period as last year. The strong demand in grocery and refueling/c-store verticals coupled with increased productivity and price optimization contributed to the quarter-over-quarter leveraged growth in gross margin.

Operating expenses of \$9.4 million in the three months ended March 31, 2026, increased 19% from the same period of fiscal 2025, primarily driven by the acquisition costs and related operating costs related to the Royston acquisition, and by continued investment in commercial initiatives to drive growth.

Display Solutions Segment operating income of \$7.9 million in the three months ended March 31, 2026, increased 75% from the same period of fiscal 2025. The increase in operating income, driven by the net effect of an increase in net sales, improved gross margin as a percentage of sales, partially offset by an increase in operating expenses.

Lighting Segment

(In thousands)

	Three Months Ended March 31,	
	2026	2025
Net Sales	\$ 60,038	\$ 58,967
Gross Profit	\$ 20,908	\$ 20,384
Operating Income	\$ 6,939	\$ 7,154

Lighting Segment net sales of \$60.0 million in the three months ended March 31, 2026, increased 2% compared to net sales of \$59.0 million in the same period in fiscal 2025. Lighting Segment sales improved 2% compared to the same period last year despite less favorable weather conditions in the early part of the quarter.

Gross profit of \$20.9 million in the three months ended March 31, 2026, increased 3% from the same period of fiscal 2025. Gross profit as a percentage of sales improved 30 basis points as a result of pricing actions taken in response to shifts in material input costs.

Operating expenses of \$14.0 million in the three months ended March 31, 2026, increased 6% from the same period of fiscal 2025, driven mostly by higher commission expense from improved sales along with a continued investment in sales initiatives to generate sales growth.

Lighting Segment operating income of \$7.0 million for the three months ended March 31, 2026, decreased 3% from operating income of \$7.2 million in the same period of fiscal 2025 primarily driven by the net effect of an increase in net sales, a 30-basis point improvement in gross margin, offset by an increase in operating expenses.

Corporate and Eliminations

(In thousands)

	Three Months Ended March 31,	
	2026	2025
Gross Profit (Loss)	\$ 8	\$ 2
Operating (Loss)	\$ (10,757)	\$ (5,429)

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

Operating expenses of \$10.8 million in the three months ended March 31, 2026, increased from \$5.4 million from the same period of fiscal 2025. The increase in expense is primarily the result of acquisition-related costs for Royston and CBH of \$5.3 million.

Consolidated Results

The Company reported \$0.5 million and \$0.7 million of net interest expense in the three months ended March 31, 2026, and March 31, 2025, respectively. The decrease in interest expense is the result of a reduction of quarter-over-quarter average outstanding debt driven by profitability and by sustained working capital management. The overall reduction in interest expense was partially offset by the company incurred additional debt on March 24, 2026 to acquire Royston. The Company also recorded other expense of \$0.2 million compared to other income of (\$0.1) million in the three months ended March 31, 2026, and March 31, 2025, respectively, which is related to net foreign exchange currency transaction gains and losses through the Company's Mexican and Canadian subsidiaries.

The \$1.3 million of income tax expense in the three months ended March 31, 2026, represents a consolidated effective tax rate of 37.7%. The \$1.7 million of income tax expense in the three months ended March 31, 2025, represents a consolidated effective tax rate of 30.6%. The effective tax rate for the three months ended March 31, 2026, was impacted by the unfavorable tax treatment related to acquisition-related costs. 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 \$2.1 million in the three months ended March 31, 2026, compared to net income of \$3.9 million in the three months ended March 31, 2025. Non-GAAP adjusted net income was \$9.6 million for the three months ended March 31, 2026, compared to adjusted net income of \$6.3 million for the three months ended March 31, 2025 (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, improved gross margin rate resulting from improved productivity and price optimization, partially offset by an increase in operating expense mostly resulting from an increase in sales. Diluted adjusted earnings per share of \$0.28 was reported in the three months ended March 31, 2026, compared to \$0.20 diluted adjusted earnings per share in the same period of fiscal 2025. The weighted average common shares outstanding for purposes of computing diluted earnings per share in the three months ended March 31, 2026, were 33,855,000 shares compared to 30,966,000 shares in the same period last year.

NINE MONTHS ENDED MARCH 31, 2026, COMPARED TO NINE MONTHS ENDED MARCH 31, 2025

Display Solutions Segment

(In thousands)	Nine Months Ended March 31,	
	2026	2025
Net Sales	\$ 259,012	\$ 242,696
Gross Profit	\$ 48,820	\$ 43,308
Operating Income	\$ 22,562	\$ 20,344

Display Solutions net sales of \$259.0 million increased 7% from same period in fiscal 2025. Net sales within the Display Solution segment have returned to its normal seasonal sales levels, driven in part by the third quarter growth resulting from strong demand levels across a broad base of customers in both the grocery and refueling/c-store verticals. Year-to-date net sales in the Display Solutions segment also reflects Royston net sales of \$6.6 million for the 6-day stub period. Royston was acquired on March 24, 2026.

Gross profit of \$48.8 million in the nine months ended March 31, 2026, increased 13% from the same period of fiscal 2025. Gross profit as a percentage of net sales in the nine months ended March 31, 2026, increased 100 basis points. The strong demand in grocery and refueling/c-store verticals coupled with increased productivity and price optimization contributed to the year-over-year leveraged growth in gross margin.

Operating expenses of \$26.2 million in the nine months ended March 31, 2026, increased 14% from the same period of fiscal 2025, primarily driven by the acquisition costs and related operating costs related to the Royston acquisition, and by continued investment in commercial initiatives to drive growth.

Operating income of \$22.6 million in the nine months ended March 31, 2026, increased 11% from the same period of fiscal 2025. The increase in operating income driven by the net effect of an increase in net sales, improved gross margin as a percentage of sales, partially offset by an increase in operating expenses.

Lighting Segment

(In thousands)	Nine Months Ended March 31,	
	2026	2025
Net Sales	\$ 195,764	\$ 175,614
Gross Profit	\$ 67,127	\$ 58,042
Operating Income	\$ 23,034	\$ 18,885

Lighting Segment net sales of \$195.8 million in the nine months ended March 31, 2026, increased 12% compared to net sales of \$175.6 million in the same period in fiscal 2025. The increase in net sales is the result of the Company's investment in commercial initiatives to drive growth which continues to deliver above market net sales growth despite overall market headwinds.

Gross profit of \$67.1 million in the nine months ended March 31, 2026, increased 16% from the same period of fiscal 2025. Gross profit as a percentage of sales improved 120 basis points as a result of pricing actions taken in response to shifts in material input costs.

Operating expenses of \$44.1 million in the nine months ended March 31, 2026, increased 16% from the same period of fiscal 2025, driven mostly by higher commission expense from higher sales along with a continued investment in sales initiatives to generate sales growth.

Lighting Segment operating income of \$23.0 million for the nine months ended March 31, 2026, increased 22% from operating income of \$18.9 million in the same period of fiscal 2025. The increase in operating income is primarily driven by the net effect of an increase in net sales, a 120-basis point improvement in gross margin, partially offset by an increase in operating expenses.

Corporate and Eliminations

	Nine Months Ended March 31,	
	2026	2025
<i>(In thousands)</i>		
Gross Profit (Loss)	\$ 3	\$ 1
Operating (Loss)	\$ (21,683)	\$ (15,404)

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

Operating expenses of \$21.7 million in the nine months ended March 31, 2026, increased from \$15.4 from the same period of fiscal 2025. The increase in expense is primarily the result of acquisition-related costs of \$5.9 million and also by a small increase in an investment in commercial initiatives to support the growth of the Company.

Consolidated Results

The Company reported \$1.8 million and \$2.3 million of net interest expense in the nine months ended March 31, 2026, and March 31, 2025, respectively. The decrease in interest expense is the result of a reduction of year-over-year average outstanding debt driven by profitability and by sustained working capital management. The overall reduction in interest expense was partially offset by the company incurred additional debt on March 24, 2026 to acquire Royston. The Company also recorded other expense of \$0.7 million and \$0.3 million in the nine months ended March 31, 2026, and March 31, 2025, respectively, both of which are related to net foreign exchange currency transaction gains and losses through the Company's Mexican and Canadian subsidiaries.

The \$5.7 million of income tax expense in the nine months ended March 31, 2026, represents a consolidated effective tax rate of 26.8%. The \$5.0 million of income tax expense in the nine months ended March 31, 2025, represents a consolidated effective tax rate of 23.7%. The effective tax rate for the three months ended March 31, 2026, was impacted by the unfavorable tax treatment related to acquisition-related costs. 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 \$15.7 million in the nine months ended March 31, 2026, compared to net income of \$16.2 million in the nine months ended March 31, 2025. Non-GAAP adjusted net income was \$27.8 million for the nine months ended March 31, 2026, compared to adjusted net income of \$22.3 million for the nine months ended March 31, 2025 (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, improved gross margin rate resulting from improved productivity and price optimization, partially offset by an increase in operating expense mainly resulting from an increase in sales. Diluted adjusted earnings per share of \$0.86 was reported in the nine months ended March 31, 2026, compared to \$0.72 diluted adjusted earnings per share in the same period of fiscal 2025. The weighted average common shares outstanding for purposes of computing diluted earnings per share in the nine months ended March 31, 2026, were 32,387,000 shares compared to 30,790,000 shares in the same period last year.

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 March 31, 2026, the Company had working capital of \$90.9 million compared to \$96.8 million at June 30, 2025. The ratio of current assets to current liabilities was 1.5 to 1 as of March 31, 2026, and 2.0 as of June 30, 2025. The acquisition of Royston in the third quarter of fiscal 2026 accounted for an additional \$47.7 million of net working capital and also added \$58 million in short-term debt. When the impact of the acquisition of Royston is removed from the year-over-year comparison, net working capital increased \$4.4 million to \$101.2 million. The net increase in working capital excluding Royston is the result of a \$6.2 million decrease in net accounts receivable more than offset by a \$4.3 million increase in inventory, a \$2.3 million increase in other current assets and a \$2.9 million decrease in current liabilities.

Net accounts receivable was \$135.8 million and \$104.3 million at March 31, 2026, and June 30, 2025, respectively. The acquisition of Royston accounted for \$37.6 million of the year-over-year change. DSO increased to 63 days at March 31, 2026, excluding the impact of Royston, from 57 days at June 30, 2025.

Net inventories of \$116.6 million at March 31, 2026, increased \$36.8 million from \$79.8 million at June 30, 2025. The acquisition of Royston accounted for \$32.5 million of the increase in net inventory. When the impact of the Royston acquisition is removed from the period-over-period change in net inventory, net inventory increased \$4.3 million. The increase in the Lighting Segment net inventory accounted for all of the increase in total net inventory.

Cash generated from operations and borrowing capacity under the Company's line of credit is its primary source of liquidity. The Company has a \$200 million term loan and a \$150 million revolving line of credit. Both credit facilities commenced in the third quarter of fiscal 2026 to accommodate the acquisition of Royston. Both credit facilities expire in the third quarter of fiscal 2031. As of March 31, 2026, \$89 million of the credit line was available. The Company is in compliance with all of its loan covenants as of March 31, 2026. The \$350 million credit facility plus cash flows from operating activities are adequate for operational and capital expenditure needs for the remainder of fiscal 2026.

The Company generated \$32.6 million of cash from operating activities in the nine months ended March 31, 2026, compared to \$28.6 million of cash generated from operating activities in the same period in fiscal 2025. 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 invested \$3.2 million and \$2.5 million of cash related to purchases of property, plant and equipment in the nine months ended March 31, 2026, and March 31, 2025, respectively. The Company continues to invest in equipment and tooling to support sales growth. In the third quarter of FY 2026 the Company acquired Royston for \$336.8 million net of cash received.

The Company had a net source of cash of \$309.3 million and a net use of cash of \$3.2 million related to financing activities in the nine months ended March 31, 2026, and March 31, 2025, respectively. The acquisition of Royston accounted for \$238.7 million of the source of cash through the debt refinancing from the Company's credit facility. In addition, the Company raised \$98.1 million of net proceeds from the sale of common stock in a public equity offering in February of 2026. Both the debt financing along with the public equity offering served as the source of funds to acquire Royston. Not including the cost to acquire Royston, 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 April 2026, the Board of Directors declared a regular quarterly cash dividend of \$0.05 per share payable May 12, 2026, to shareholders of record as of May 4, 2026. The indicated annual cash dividend rate for fiscal 2026 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.

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 2025 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, 2025. 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, 2025.

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 March 31, 2026, 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 March 31, 2026, 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

The Board of Directors has determined to hold the 2026 annual meeting of shareholders (the “2026 Annual Meeting”) on December 8, 2026. The time, location and details of the 2026 Annual Meeting will be specified in our 2026 proxy statement. Because the date of the 2026 Annual Meeting has been changed by more than 30 days since the first anniversary of our 2025 Annual Meeting held on November 4, 2025, the Board has set a new deadline for the receipt of any shareholder proposals submitted for the 2026 Annual Meeting.

If a shareholder desires to present a proposal for inclusion in our proxy statement for the 2026 Annual Meeting, the proposal must be submitted in writing to us for receipt not later than June 29, 2026. Additionally, to be included in our proxy materials, proposals must comply with the proxy rules relating to shareholder proposals, in particular Rule 14a-8 under the Exchange Act. Shareholders who wish to raise a proposal for consideration at the 2026 Annual Meeting, but who do not wish to submit a proposal for inclusion in our proxy materials pursuant to Rule 14a-8, should comply with our bylaws and deliver to us a copy of their proposal no later than August 10, 2026. If a shareholder fails to provide such notice, the respective proposal need not be addressed in our proxy materials and the proxies may exercise their discretionary voting authority if the proposal is raised at the 2026 Annual Meeting. In addition to satisfying the requirements of the advance notice provisions of our bylaws, shareholders who intend to solicit proxies in support of director nominees other than our nominees must provide us with the information required by Rule 14a-19(b) under the Exchange Act. In any case, proposals should be sent to LSI Industries Inc., 10000 Alliance Road, Cincinnati, Ohio 45242, Attention: Corporate Secretary.

ITEM 6. EXHIBITS

Exhibits:

- 2.1 [Agreement and Plan of Merger dated February 20, 2026 by and among LSI Industries Inc., SRR Holdings, Inc. and Rhino Acquisition Company, Inc. \(incorporated by reference from LSI’s Form 8-K filed on February 25, 2026\)](#)
- 10.1 [Credit Agreement by and among LSI Industries Inc., the guarantors party thereto, the lenders party thereto, PNC Bank, National Association, and PNC Capital Markets LLC dated March 24, 2026 \(incorporated by reference from LSI’s Form 8-K filed on March 24, 2026\)](#)
- 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 Inline XBRL Instance Document
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules and exhibits to the SEC upon its 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)

May 8, 2026

**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: May 8, 2026

/s/ James A. Clark
Principal Executive Officer

**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: May 8, 2026

/s/ James E. Galeese
Principal Financial and Accounting Officer

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 March 31, 2026 (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: May 8, 2026

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.

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 March 31, 2026 (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: May 8, 2026

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.