

**LSI INDUSTRIES INC.  
AUDIT COMMITTEE OF THE BOARD OF  
DIRECTORS CHARTER**

**I. PURPOSE**

The Board of Directors (the “Board”) has established this Audit Committee Charter (this “Charter”) to specify the functions and authority of the Audit Committee (the “Committee”). The Committee’s primary purpose is to assist the Board in its oversight of the accounting and financial reporting processes of LSI Industries Inc. (the “Company”) and the audit of its financial statements, including the oversight of management’s identification and management of business and financial risk. The Committee also provides assistance to the Board by performing the other functions outlined in this Charter.

The Committee shall:

- Be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged to prepare an audit report or to perform other audit, review or attestation services for the Company (the “Independent Auditor” or “firm”).
- Serve as an independent and objective party to monitor the Company's financial reporting process and internal control system.
- Review and appraise the audit efforts of the Independent Auditor and internal auditor.
- Provide an open avenue of communication among the Independent Auditor, financial and senior management, internal auditor, and the Board.
- Engage on its own authority and at the expense of the Company, independent counsel and other advisors as deemed necessary by the Committee to assist it in satisfying the duties and responsibilities set forth in this Charter and incur, at the expense of the Company, ordinary administrative expenses that are necessary or appropriate in carrying out its duties.

**II. COMPOSITION**

The Audit Committee shall be comprised of three or more directors, each of whom shall meet the independence and financial literacy requirements of applicable stock exchange or other listing standards and Section 10A of the Securities Exchange Act of 1934 and any director independence standards adopted by the Company. At least one member shall be an “audit committee financial expert” as defined under United States Securities and Exchange Commission rules and regulations. Additionally, at least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or

background which results in the Committee member's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. A person who satisfies the definition of "audit committee financial expert" will also be presumed to have financial sophistication. No Committee member shall serve on the audit committees of more than two other public companies while at the same time serving on this Committee unless the Board specifically determines that such service would not impair the ability of an existing or prospective Committee member to serve effectively on the Committee.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and serve until their successors shall be duly elected and qualified. Unless a Chair is elected by the Board, the members of the Committee shall designate a Chair. Members of the Committee, including the Chair, may be removed by the Board at any time with or without cause. Resignation or removal of a Committee member from the Board for any reason shall automatically constitute resignation or removal, as applicable, from the Committee.

### III. STRUCTURE AND MEETINGS

The Committee shall meet at least four times annually, and more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management, the internal auditor, the chief financial officer and the Independent Auditor in separate executive sessions to discuss any matters that the Committee or any of these groups believe should be discussed independently. In addition, the Committee or at least the Chair should meet with the Independent Auditor and management quarterly to review the Company's financial statements and disclosures prior to the quarterly reports being filed with the Securities and Exchange Commission. The Committee shall maintain minutes of its meetings and activities. All meetings of the Committee may be held in person, telephonically, videoconference or similar means of remote communication. The Committee may delegate authority granted under this Charter to subcommittees when appropriate.

A majority of members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members participating at a meeting at which a quorum is present. Subject to applicable law, the Committee may act pursuant to a written consent signed by all of the Committee's members. Once a quorum has been established at a meeting, the subsequent withdrawal of one or more of the members of the Committee, so as to reduce the number of members of the Committee at the meeting below the amount required for a quorum, shall not affect the validity of actions taken at the meeting or an adjournment of a meeting. The Committee shall regularly report to the Board.

The Company shall provide for appropriate funding, as determined by the Committee, for compensation to the firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, compensation to any advisors employed by the Committee, and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

### IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

### Documents/Reports Review

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Review the Company's annual financial statements, and any reports or press releases with financial information submitted to the Securities and Exchange Commission or to the public, including any certification, report, opinion, or review rendered by the Independent Auditor. Drafts of these items should be provided to the Committee at least 24 hours before release.
3. Review the Company's earnings press releases, including the type of information to be included and its presentation and the use of any *pro forma*, adjusted, or other non-GAAP financial information, and any operations metrics, and any key performance indicators, as well as financial information and earnings guidance provided to analysts and ratings agencies.

### Independent Certified Public Accountants

4. Maintain a clear understanding with the Independent Auditor that it is ultimately accountable to the Committee, as representatives of this Company's shareholders. As such, the Committee has the ultimate authority to select, evaluate, compensate and, where appropriate, replace the Independent Auditor, and such Independent Auditor must report directly to the Committee. On no less than an annual basis, the Committee shall review the performance of the Independent Auditor and annually recommend to the Board the appointment of the Independent Auditor or approve any discharge of the Independent Auditor when circumstances warrant.
5. On an annual basis, ensure the receipt from the Independent Auditor of its formal written disclosure regarding independence between such firm and the Company, prior to entering into an engagement with the Independent Auditor. The Committee shall, on no less than an annual basis, review the independence of the Independent Auditor. In addition, the Committee shall actively engage in dialogue with the firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the firm, and take, or recommend that the Board take, appropriate action to oversee the independence of the firm.
6. Review the most recent report of the Public Company Accounting Oversight Board of its examination of the Independent Auditor.
7. Ensure that the lead audit partner of the Independent Auditor and the audit partner responsible for reviewing the audit are rotated at least every five years or as required by applicable law or regulation.
8. Pre-approve all audit and non-audit services and their accompanying fees to be performed by the Independent Auditor. The Committee may delegate this function to a Committee member between meetings with a reporting obligation to the full Committee. The Independent Auditor shall not perform any services prohibited by applicable law or regulation.
9. Ensure disclosure in the Company's periodic reports filed with the Securities and

- Exchange Commission, of any non-audit services approved to be performed by the Independent Auditor.
10. Determine whether the provision of non-audit services by the Independent Auditor is compatible with maintaining its independence.
  11. Periodically consult with the Independent Auditor outside of the presence of management about internal controls, the fullness and accuracy of the Company's financial statements, and the adequacy/capability of financial staff given the business and changes in operations.
  12. Review with the Independent Auditor and the internal auditor efforts related to the coordination of audit work to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
  13. Discuss with the Independent Auditor matters required to be discussed pursuant to SAS No. 114 and PCAOB Auditing Standard No. 5 (or any successor rule or standard) relating to the conduct of the audit and any other matters required to be discussed by applicable requirements of the PCAOB and the Securities and Exchange Commission.

#### Internal Audit

14. Review and approve internal audit's charter on an annual basis.
15. Review internal audit's annual risk assessment and audit plans, including significant changes in plan scope and internal audit coverage. Review of the audit plan will also include plans for staffing along with the timing of the field work.
16. On an annual basis, review the fees charged by the Audit Firm acting as the Company's Internal Auditors.
17. Receive and discuss periodic reports of significant internal audit findings and follow-up actions.
18. Review the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditors' Definition of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards).
19. Periodically review the internal audit function and recommend any changes in the internal audit position.

#### Financial Reporting Processes

20. Meet with the Independent Auditor and the appropriate Company financial staff to approve the plan and the scope of each audit prior to commencement of each audit process.
21. In consultation with the Independent Auditor and the internal auditor review the integrity of the Company's financial reporting processes, both internal and external.
22. Consider the Independent Auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
23. Advise financial management and the Independent Auditor that they are expected to provide a timely analysis of significant current financial reporting issues and practices.

- Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the Independent Auditor, management, or internal auditor.
24. Continue the process of reporting to the Committee by each of management and the Independent Auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
  25. Discuss with management, internal auditors and the Independent Auditor the Company's risk assessment and management policies and procedures relating to the financial statements and the financial reporting process and conduct an inquiry of management, internal auditors and the Independent Auditor regarding any significant business or financial risks and exposures.
  26. Oversee risks and exposures relating to the financial statements and the financial reporting process and the Company's policies and procedures for monitoring and mitigating such risks and exposures.
  27. Review and discuss with the Independent Auditor, at least annually, a report from the Independent Auditor regarding any material risk areas, critical accounting policies and practices, alternative treatments with financial information within GAAP discussed with management, ramifications of the use of alternative disclosures, the treatment preferred by the Independent Auditor in each instance, management letters and other communications, and all critical audit matters ("CAMs") identified by the Independent Auditor upon the applicability of CAM reporting for the Company.
  28. Review on a continuing basis the Company's compliance with the Foreign Corrupt Practices Act of 1977 and other anti-corruption laws, the conflict minerals provisions of the Dodd Frank Act of 2010 and the Trading with the Enemy Act of 1917.

#### Process Improvement

29. Following completion of the annual audit, review separately with each of management and the Independent Auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
30. Resolve any disagreement among management and the Independent Auditor in connection with the preparation of the financial statements.
31. Consider and review with the Independent Auditor and the internal auditor:
  - a) The adequacy of the Company's internal controls including computerized information system controls and security.
  - b) Related findings and recommendations of the Independent Auditor and the coordinator of any internal audit efforts together with management's responses.
32. Review with the Independent Auditor, the internal auditor and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate

time after implementation of changes or improvements, as decided by the Committee. Review specifically all repeat audit points and recommendations not implemented from prior audits.

#### Employee Concern Procedures

33. Establish and maintain procedures for the receipt, retention and treatment of complaints received by the Company from employees or others regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

#### Related-Party Transactions

34. Review, approve, and oversee on an ongoing basis, all related party transactions (it being understood that if the Board creates a special committee in connection with a potential related party transaction or holds a meeting of non-interested directors of the Board to approve such transaction, the Committee shall not be required to separately meet to consider such transaction or assess conflicts of interest in connection with such transaction). A related party transaction is one which the Company would be required to disclose pursuant to Regulation S-K Item 404. The Committee shall also develop policies and procedures for the Committee's approval of related party transactions.
35. Discuss with the Independent Auditor its evaluation of the Company's identification of, accounting for, and disclosure of the Company's relationships with related parties as set forth under the standards of the PCAOB.

#### Ethical, Legal Compliance, and Other

36. Keep current the Company's Code of Business Conduct and work to ensure that management maintains a system to enforce this Code.
37. Review management's monitoring of the Company's compliance with its Code of Business Conduct and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
38. Review with the Company's counsel legal compliance matters including, without limitation, corporate securities trading.
39. Review with the Company's counsel any legal or regulatory matter that could have a significant impact on the Company's financial statements.
40. Perform any other activities consistent with this Charter, the Company's Articles of Incorporation and Code of Regulations and governing law, as the Committee or the Board deems necessary or appropriate.
41. Recommend to the Company whether the audited financial statements should be included in the annual Form 10-K report for submission to the Securities and Exchange Commission.

42. Prepare the report required by federal securities regulations to be included in the Company's proxy materials for its annual shareholders meeting.
43. Review the processes utilized by management in presenting certifications to the Securities and Exchange Commission concerning the financial statements.
44. Review policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets and requests from the Independent Auditor as to all loans or extensions of credit by the Company to its officers.
45. Set clear hiring policies for employees or former employees of the Independent Auditor that meet requirements of the federal securities laws and any applicable stock exchange and other listing standards.
46. The Committee shall periodically: (a) review the Company's cybersecurity initiatives, policies and response plans, including the technology, training and resources devoted thereto, and discuss their efficacy in mitigating and responding to cybersecurity risk; (b) review and discuss the cybersecurity-related disclosures included in the Company's Forms 8-K, 10-K or 10-Q as required by SEC rules and/or applicable law; and (c) periodically update the Board on the Company's cybersecurity initiatives, policies and response plans.
47. Conduct as required by applicable law or regulation or in the discretion of the Committee a self-evaluation of the performance of the Committee.
48. The Committee shall review such other matters in relation to the accounting, auditing and financial reporting practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the Committee's functions described above.