













Fiscal Second Quarter 2025 Results Conference Call

January 23, 2025

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Forward-Looking Statements

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You are cautioned to not place undue reliance on these forward-looking statements. LSI does not guarantee any forward-looking statement, and actual results may differ materially from those projected. LSI undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, circumstances or otherwise. Additional descriptions of risks, uncertainties and other matters can be found in our annual reports on Form 10-K and quarterly reports on Form 10-Q that we file with the SEC and are incorporated herein by reference. Our public communications and other reports may contain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

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KEY MESSAGES

Fiscal Second Quarter 2025 Results

Organic revenue growth +14% on broad-based demand across vertical markets, continued profitable growth

Q2FY25 Adj. EBITDA of $13.3 million, +20% y/y

Strength in Display Solutions net of transient softness in Lighting

Strength in grocery, c-store and QSR supported improved order rates, with backlog +12% y/y entering Q3FY25

Free cash flow of $8.8 million, +21% y/y drove net leverage to 0.6x, down from 1.3x following acquisition of EMI in April 2024

Strong commercial execution, improved organic revenue growth

Q2FY25 sales 36% above PY driven by strong performance in Refueling/C-Store, QSR, and JSI. Organic sales increased 14% due to continued strength in Refueling/C-Store/QSR and rebound in grocery.

Delivered sustained Adjusted EBITDA growth, continued focus on margin expansion

Delivered 20% y/y growth in Adjusted EBITDA; lower Lighting sales and EMI impacted margin realization in Q2FY25, as expected; EMI on pace to achieve margin targets through planned revenue and cost synergies.

Consistent free cash flow generation supports balance sheet optionality

Free cash flow increased 21% y/y in Q2FY25; TTM free cash flow generation of more than $41 million through the end of Q2FY25; prioritizing capital allocation toward debt reduction, organic growth and strategic investments.

Recovery in grocery vertical contributes to inflection in Display Solutions demand

Organic Display Solutions revenue increased 50% y/y in Q2FY25, driven by broad-based growth in refueling and c-store verticals, together with a recovery in grocery; Grocery vertical revenue increased +60% y/y in Q2FY25.

Solid quoting activity, backlog solid entering Q2FY25

Display Solutions expected to realize y/y growth in Q3FY25 driven by new and existing programs. Continuing to drive synergies with EMI. Lighting large project quote activity improving, orders expected to increase in FY25 2H.

Executing on *Fast Forward* value creation initiative

Business transformation continues to focus on organic & complementary inorganic growth; building a solutions-based growth platform; prioritizing investments in high-value, growing vertical markets; emphasis on profitable growth; disciplined, returns-driven capital management.

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CONSOLIDATED FINANCIAL RESULTS

Integrated, Solutions-Based Offering Gaining Momentum in Targeted Vertical Markets

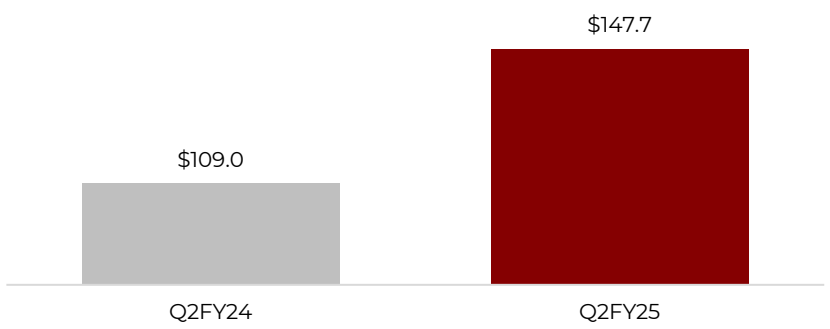
Vertical market strategy supports balanced organic growth

Display Solutions, generated more than 50% organic sales growth, supported by increased sales across product categories and vertical markets

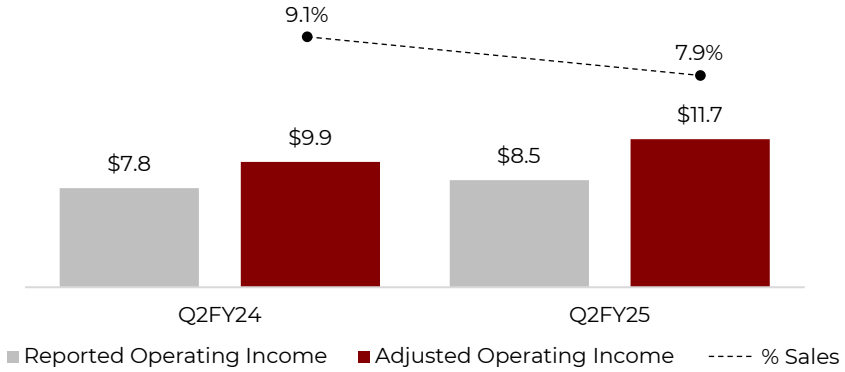
Within Lighting, challenging prior-year comparisons, slower large project activity contributed to 10% y/y sales decline

Solid margin realization, but below PY, given less favorable sales mix, EMI impact

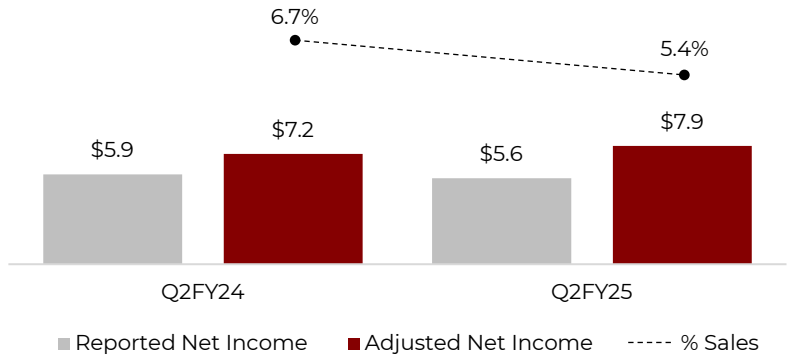
Total Net Sales ($M)



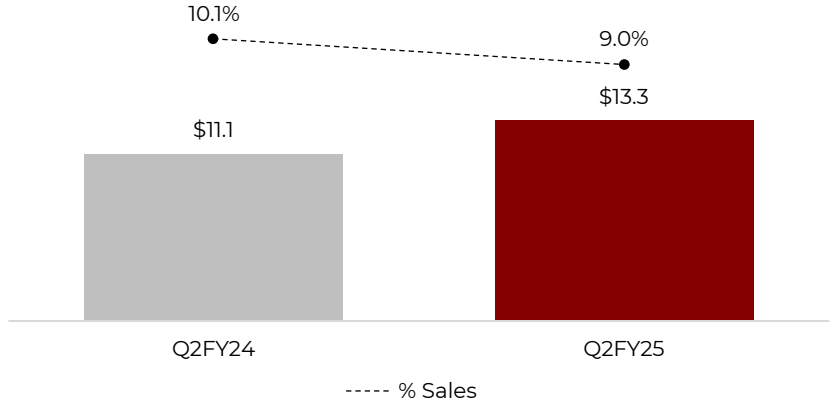
Operating Income ($M)



Net Income ($M)



Non-GAAP Adjusted EBITDA ($M)



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DISPLAY SOLUTIONS SEGMENT UPDATE

Year-Over-Year Growth Across Product Applications and Vertical Markets

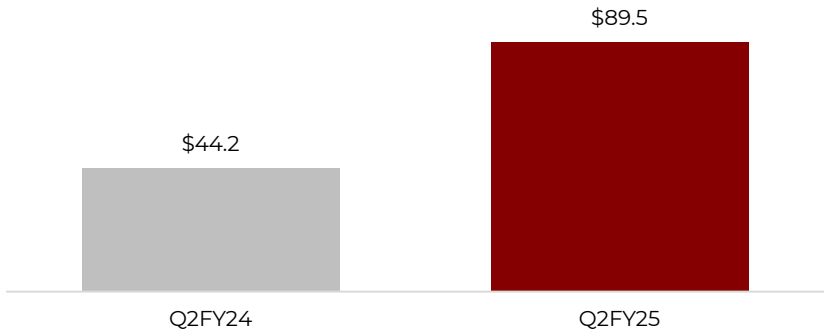
Display Solutions segment delivered 50% organic sales growth, supported by rebound in grocery, continued demand strength in refueling, c-store and QSR

EMI continued solid performance contributing to total DS sales more than double PY

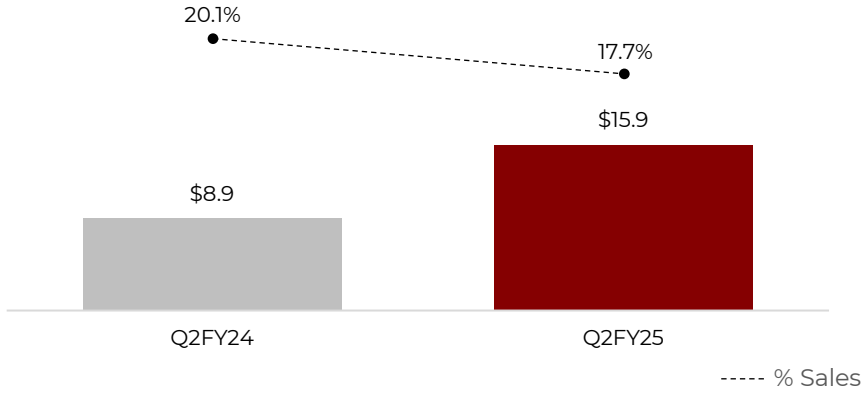
Display Solutions segment orders +25% y/y in Q2FY25, driven by balanced growth across major verticals

Grocery vertical sales growth +60% in Q2FY5 driven by new programs. Manufacturing team did an excellent job supporting the stair-step increase in demand

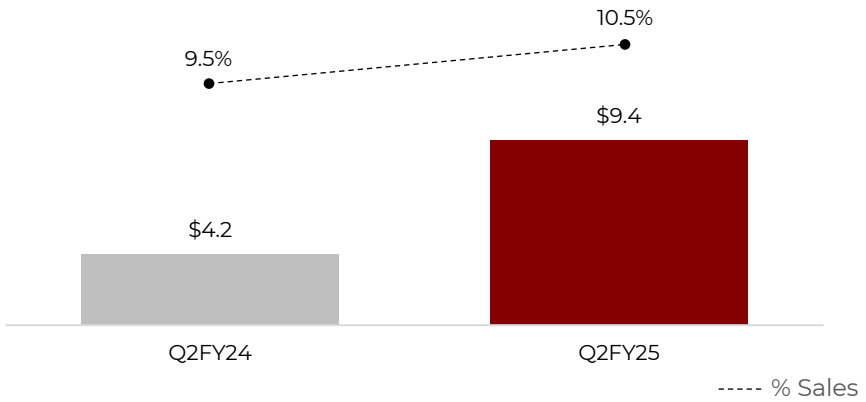
Display Solutions Segment Sales ($M)



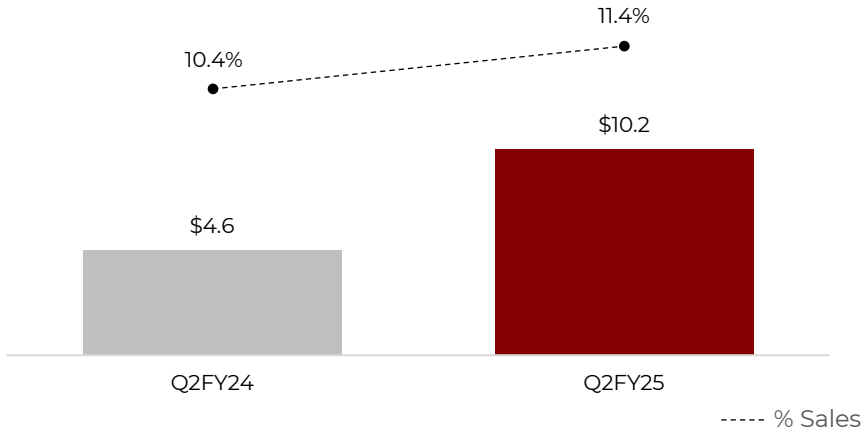
Display Solutions Segment Adj. Gross Margin ($M)



Display Solutions Segment Adj. Op. Income ($M)



Display Solutions Segment Adjusted EBITDA ($M)



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LIGHTING SEGMENT UPDATE

Anticipate an Acceleration in Demand Entering 2H Fiscal 2025; Backlog +6% Versus PY

Lighting segment sales down 10% y/y given challenging prior-year comparison

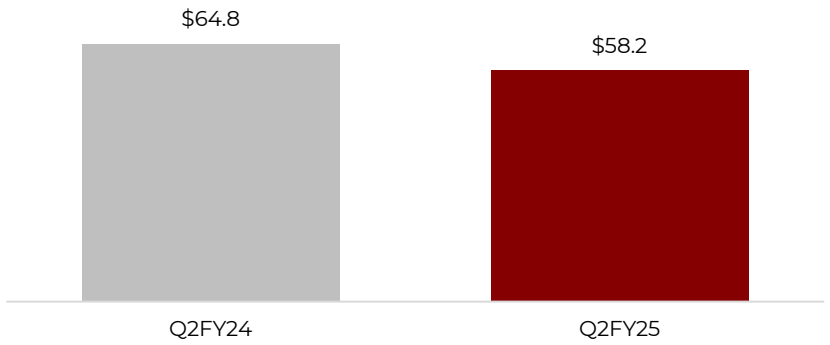
Small project activity remains healthy, while large project activity requiring longer quote-to-conversion

Successful market adoption of *V-LOCITY* series of area lights, the largest new program launch in eight years

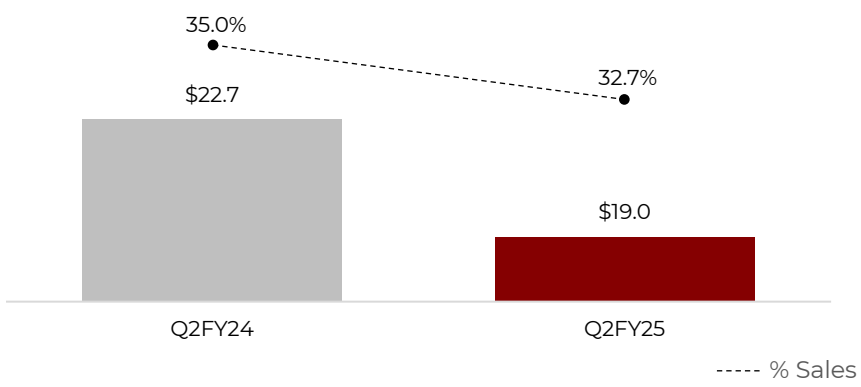
Project quote activity remains above PY levels, backlog 6% above PY entering Q3FY25. Expect order rates to accelerate in 2H FY25

Business fundamental sound; pricing remains steady, material inputs modestly favorable, effective supply chain, high service levels

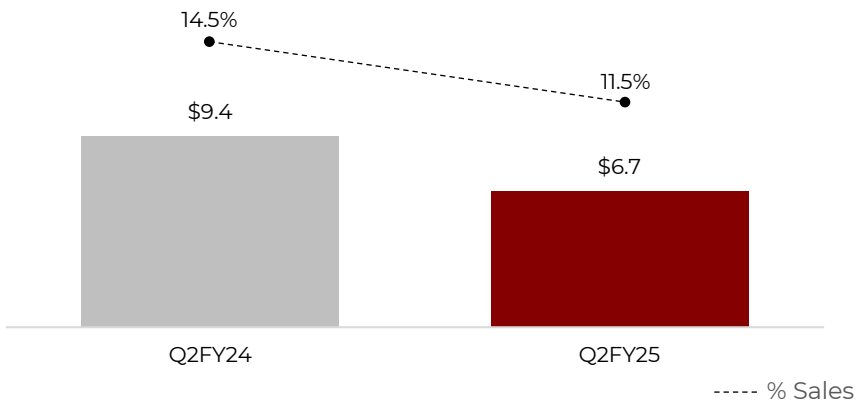
Lighting Segment Sales ($M)



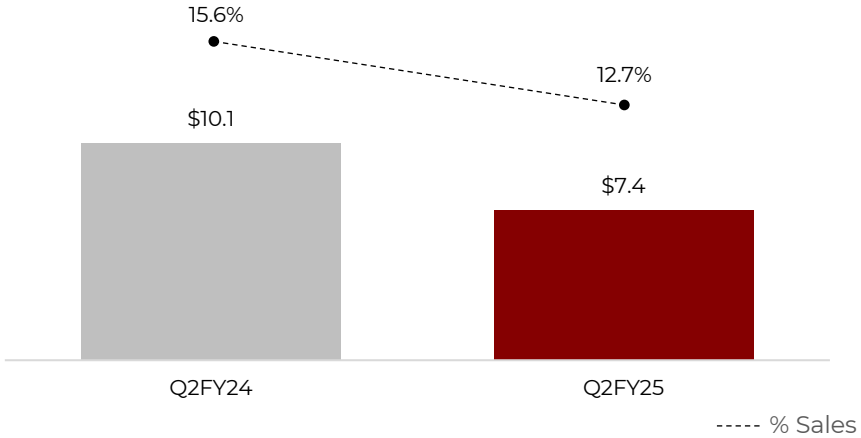
Lighting Segment Adj. Gross Margin ($M)



Lighting Segment Adj. Operating Income ($M)



Lighting Segment Adjusted EBITDA ($M)



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STRONG CASH GENERATION, BALANCE SHEET DISCIPLINE

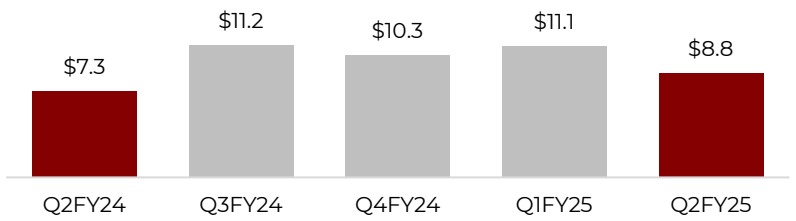
Allocating Free Cash Generation Toward Debt Reduction, High-Return Investments

Generated free cash flow of $8.8 million, +21% y/y; TTM free cash flow through Q2FY25 of more than $41 million

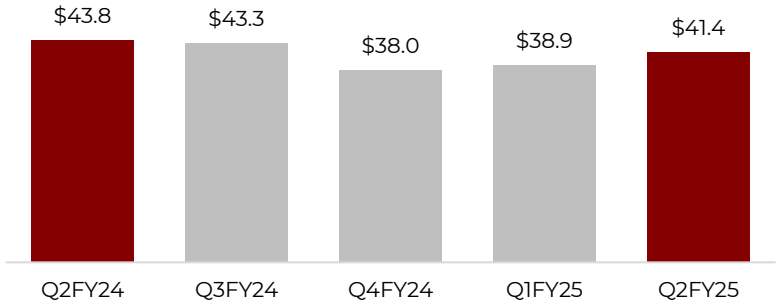
Reduced net debt by $7 million in Q2FY25, resulting in net leverage ratio of 0.6x at 12/31/24, down from 1.3x following the acquisition of EMI in April 2024

Anticipate continued growth free cash flow throughout FY25; prioritizing reinvestment in the core business, together with opportunistic acquisition of complementary assets that accelerate our *Fast Forward* strategy

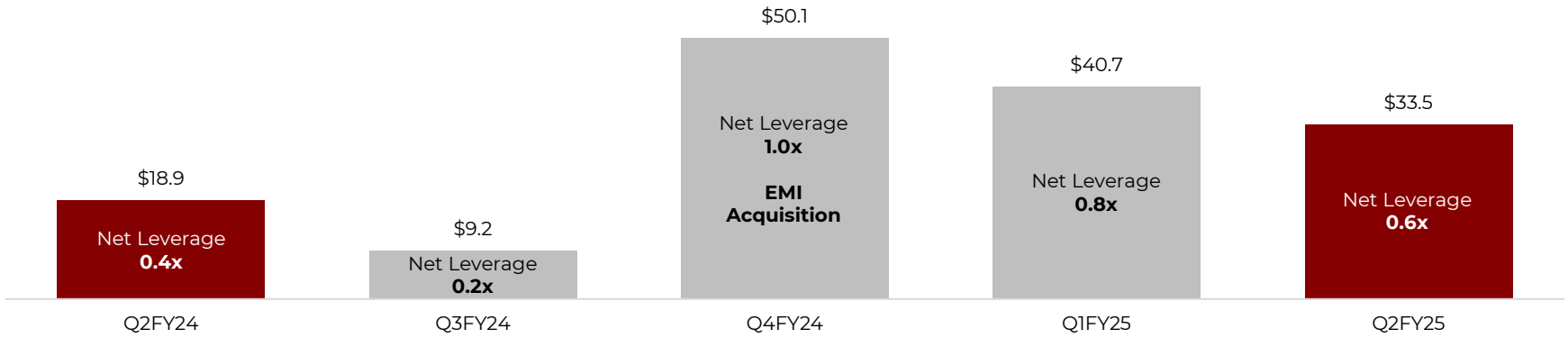
Free Cash Flow ($M)[1]



TTM Free Cash Flow ($M)[1]



Net Debt Outstanding ($M)[2]



(1) Free cash flow (FCF) defined as cash flow from operating activities less capital expenditures
(2) Net leverage defined as net debt divided by trailing 12-month Adjusted EBITDA

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DISCIPLINED WORKING CAPITAL MANAGEMENT

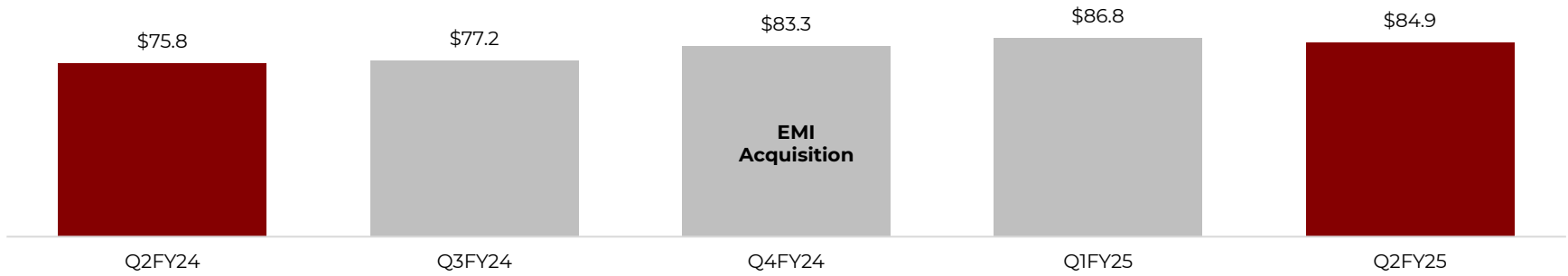
Continue to Align Inventory Levels with Anticipated Demand Conditions Entering 2H FY25

Disciplined working capital management supporting strong free cash generation

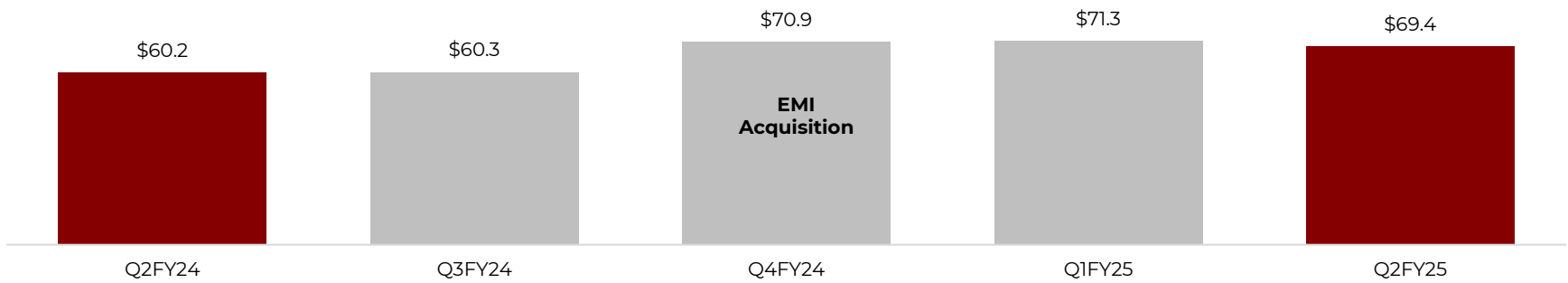
Working capital and inventory levels remain steady with days of WC and DIO declining, as increased volume leverage increased turns

Supply Chain stable as east coast dock worker situation resolved. Contingency plans in place for any major tariff actions in coming months/quarters

Total Working Capital ($M)



Total Inventory ($M)



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APPENDIX

STATEMENT ON NON-GAAP FINANCIAL MEASURES

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

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NON-GAAP RECONCILIATION

LSI Industries	Q2 2024	Q2 2005
Net Sales	109,005	147,734
Gross Margin	31,536	34,861
Lease expense on the step-up basis of acquired leases		69
Severance costs/Restructuring costs	30	-
Adjusted Gross Margin	**31,566**	**34,930**
Adjusted Gross Margin %	29.0%	23.6%

Lighting Segment	Q2 2024	Q2 2005
Net Sales	64,796	58,210
Gross Margin	22,698	19,033
Severance costs/Restructuring costs	-	-
Adjusted Gross Margin	**22,698**	**19,033**
Adjusted Gross Margin %	**35.0%**	**32.7%**

Display Solutions Segment	Q2 2024	Q2 2005
Net Sales	44,209	89,524
Gross Margin	8,838	15,820
Lease expense on the step-up basis of acquired leases		69
Severance costs/Restructuring costs	30	-
Adjusted Gross Margin	**8,868**	**15,889**
Adjusted Gross Margin %	**20.1%**	**17.7%**

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NON-GAAP RECONCILIATION

LSI Industries	Q2 2024	Q2 2025
Net Sales	**109,005**	**147,734**
Operating Income	**7,819**	**8,459**
Consulting expense: commercial growth initiatives	-	81
Amortization expense of acquired intangible assets	1,190	1,408
Lease expense on the step-up basis of acquired leases		69
Severance costs/Restructuring costs	35	-
Long-term performance based compensation	849	1,669
Adjusted Operating Income	**9,893**	**11,686**
Adjusted Operating %		**7.9%**
Depreciation expense	1,166	1,610
Adjusted EBITDA	**11,059**	**13,296**
Adjusted EBITDA %	**10.1%**	**9.0%**

Lighting Segment	Q2 2024	Q2 2025
Net Sales	**64,796**	**58,210**
Operating Income	**8,857**	**5,972**
Amortization expense of acquired intangible assets	603	603
Severance costs/Restructuring costs	4	-
Long-term performance based compensation	(43)	140
Adjusted Operating Income	**9,421**	**6,715**
Adjusted Operating %	**14.5%**	**11.5%**
Depreciation expense	689	677
Adjusted EBITDA	**10,110**	**7,392**
Adjusted EBITDA %	**15.6%**	**12.7%**

Display Solutions Segment	Q2 2024	Q2 2025
Net Sales	**44,209**	**89,524**
Operating Income	**3,296**	**8,127**
Amortization expense of acquired intangible assets	587	804
Lease expense on the step-up basis of acquired leases	-	69
Severance costs/Restructuring costs	30	-
Long-term performance based compensation	276	358
Adjusted Operating Income	**4,189**	**9,358**
Adjusted Operating %	**9.5%**	**10.5%**
Depreciation expense	401	851
Adjusted EBITDA	**4,590**	**10,209**
Adjusted EBITDA %	**10.4%**	**11.4%**

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

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NON-GAAP RECONCILIATION

LSI Industries	Q1 2024	Diluted EPS	Q2 2024	Diluted EPS	Q3 2024	Diluted EPS	Q4 2024	Diluted EPS
Net Income Reported	**$ 8,028**	**$ 0.27**	**$ 5,906**	**$ 0.20**	**$ 5,375**	**$ 0.18**	**$ 5,668**	**$ 0.19**
Acquisition costs	-	-	-	-	-	-	722	0.02
Consulting expense: commercial growth initiatives	13	-	-	-	-	-	-	-
Amortization expense of acquired intangible assets	870	0.03	885	0.03	888	0.03	1,028	0.04
Lease expense on the step-up basis of acquired leases	-	-	-	-	-	-	-	-
Severance costs/Restructuring costs	256	0.01	34	-	101	-	5	-
Long-term performance based compensation	974	0.03	625	0.02	767	0.03	906	0.03
Tax rate difference between reported and adjusted net income	(531)	(0.02)	(201)	(0.01)	-		(25)	-
Net Income Adjusted	**$ 9,610**	**$ 0.32**	**$ 7,249**	**$ 0.24**	**$ 7,131**	**$ 0.24**	**$ 8,304**	**$ 0.28**
Adjusted Net Income %	**7.8%**		**6.7%**		**6.6%**		**6.4%**	

LSI Industries	Q1 2025	Diluted EPS	Q2 2025	Diluted EPS
Net Income Reported	**$ 6,682**	**$ 0.22**	**$ 5,647**	**$ 0.18**
Acquisition costs	36	-	-	-
Consulting expense: commercial growth initiatives	-	-	62	-
Amortization expense of acquired intangible assets	1,042	0.03	1,090	0.04
Lease expense on the step-up basis of acquired leases	50	-	53	-
Severance costs/Restructuring costs	45	-	-	-
Long-term performance based compensation	881	0.03	1,294	0.04
Tax rate difference between reported and adjusted net income	(755)	(0.02)	(150)	-
Net Income Adjusted	**$ 7,981**	**$ 0.26**	**$ 7,996**	**$ 0.26**
Adjusted Net Income %	**5.8%**		**5.4%**	

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

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NON-GAAP RECONCILIATION

LSI Industries	Q2 2024	Q2 2025
Net Income Reported	**$ 5,906**	**$ 5,647**
Income tax	1,489	1,702
Interest expense, net	453	728
Other expense (income)	(29)	382
Operating Income as Reported	**7,819**	**8,459**
Depreciation and amortization	2,357	3,018
EBITDA	**$ 10,176**	**$ 11,477**
Consulting expense: commercial growth initiatives	-	81
Lease expense on the step-up basis of acquired leases	-	69
Severance costs/Restructuring costs	35	-
Long-term performance based compensation	849	1,669
Adjusted EBITDA	**$ 11,060**	**$ 13,296**
Adjusted EBITDA as a percentage of Sales	**10.1%**	**9%**

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NON-GAAP RECONCILIATION

Free Cash Flow	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Cash flow from operations	$ 9,276	$ 12,429	$ 11,096	$ 11,846	$ 9,891
Less: Capital expenditures	$ (1,956)	$ (1,277)	$ (762)	$ (759)	$ (1,066)
Free cash flow	$ 7,320	$ 11,152	$ 10,334	$ 11,087	$ 8,825

Net Debt Outstanding and Leverage Ratio	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Total debt	21,521	16,354	54,229	47,689	38,186
Less: cash	(2,660)	(7,175)	(4,110)	(6,969)	(4,712)
Net debt	$ 18,861	$ 9,179	$ 50,119	$ 40,720	$ 33,474
Adjusted EBITDA - trailing twelve months	$ 51,489	$ 51,496	$ 51,436	$ 49,770	$ 52,006
Net leverage ratio	0.4	0.2	1.0	0.8	0.6

Organic Compared to Inorganic Sales	Q2 2024	Q2 2025	% Variance
Lighting Segment	$ 64,796	$ 58,210	-10%
Display Solutions Segment			
- Comparable Display Solutions Sales	$ 44,209	$ 66,133	50%
- EMI	$ -	$ 23,391	
Total Diplay Solutions Sales	$ 44,209	$ 89,524	103%
Total net sales	$ 109,005	$ 147,734	36%
Less:			
EMI	-	23,391	
Total organic net sales	$ 109,005	$ 124,343	14%

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For Additional Questions,
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