



TECHNICAL & PROFESSIONAL SERVICES



DYNAMIC MESSAGE SIGNS



VIDEO BOARDS & MESSAGE CENTERS

Fiscal Fourth Quarter 2024 Results Call

June 26, 2024
NASDAQ: DAKT



INDOOR HIGH RESOLUTION



CONTROL SYSTEMS



DIGITAL BILLBOARDS

SAFE HARBOR STATEMENT

In addition to statements of historical fact, this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and is intended to enjoy the protection of that Act.

These forward-looking statements reflect the Company's expectations or beliefs concerning future events. The Company cautions that these and similar statements involve risk and uncertainties which could cause actual results to differ materially from our expectations, including, but not limited to, changes in economic and market conditions, management of growth, timing and magnitude of future contracts and orders, fluctuations in margins, the introduction of new products and technology, the impact of adverse weather conditions, increased regulation, and other risks described in the company's SEC filings, including its Annual Report on Form 10-K for its 2024 fiscal year.

Forward-looking statements are made in the context of information available as of the date stated. The Company undertakes no obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur.



FISCAL 2024 ACCOMPLISHMENTS



Recapitalized and strengthened balance sheet

Incrementally raised the base profitability and cash generation of the business

Product innovation and broadened channel reach – NPP Line/Customers

Further aligned supply chain for stronger on-time delivery

Reinforced competitive differentiation, particularly against foreign competitors

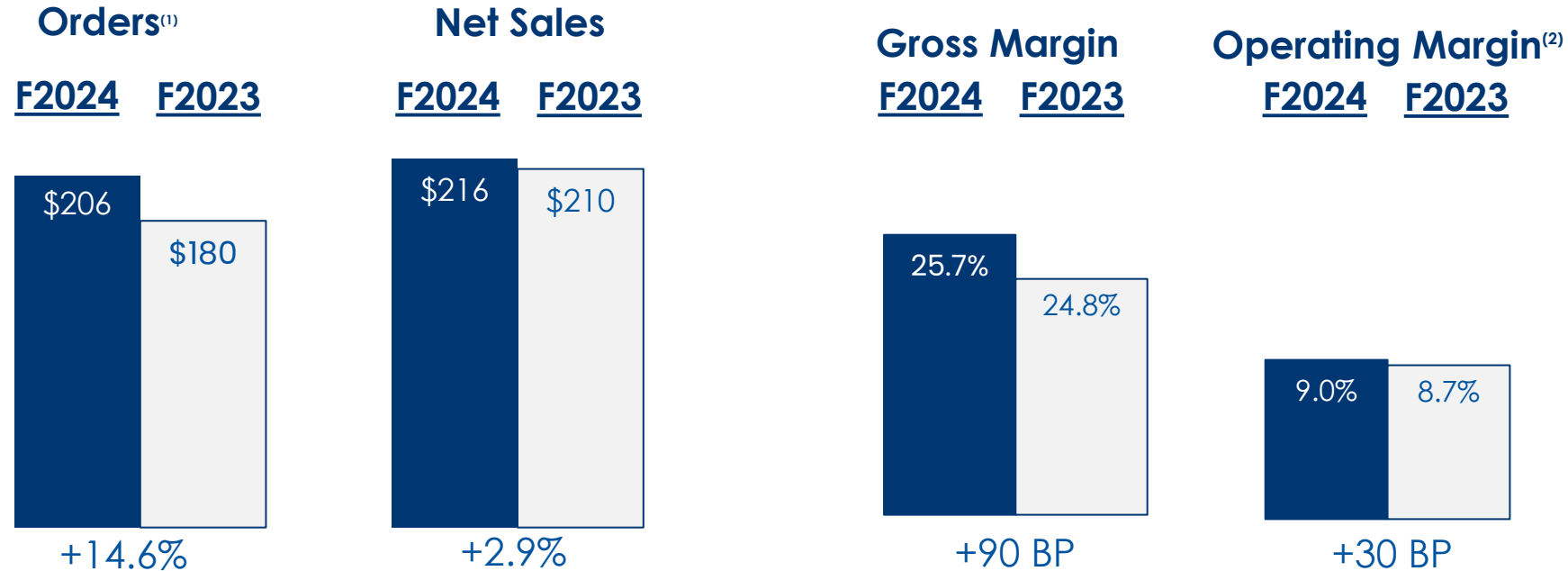
FISCAL FOURTH QUARTER 2024 HIGHLIGHTS



- ❑ **FQ4 performance terrific end to a very good year against atypical prior year growth**
 - Strong execution on good order availability and strong win rate drove growth compared to last FYQ4's high level of backorder fulfillment
 - More stable operating environment, greater supply chain stability, higher manufacturing efficiency and strong on-time delivery drove gross and operating profitability expansion
- ❑ **F2024 results demonstrate the increased power of more profitable business model**
 - Digested and advanced operating improvements made in FY23, driving substantially higher profitability and cash flow against some difficult quarterly comparisons
 - Utilized expanded capacity put in place, benefited from strengthened balance sheet
 - Sales up 8.5% for the year, operating income up over 4 times, and \$63 million of cash flow from operations
- ❑ **Orders +8.7% YTD, +14.6% in FQ4**
- ❑ **Backlog \$317 million positioning for solid F25 Q1**

FQ4 FY2024 FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)



(\$ in thousands, except per share data)

Note: Percentages are calculated based on actual amounts. Due to rounding, totals may not equal the sum of the items in the chart above.

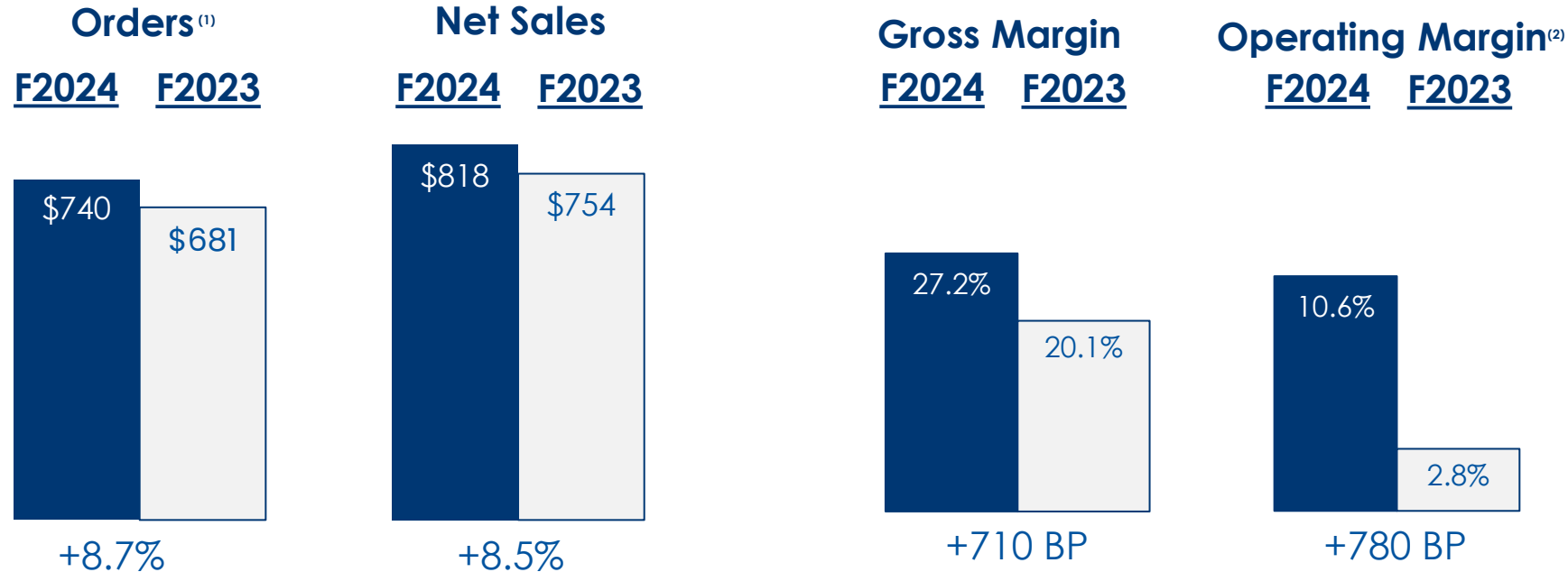
(1) Orders and backlog are not measures defined by accounting principles generally accepted in the United States of America ("GAAP"), and our methodology for determining orders and backlog may vary from the methodology used by other companies in determining their orders and backlog amounts. For more information related to backlog, see Part I, Item 1. Business of our Annual Report on Form 10-K for the fiscal year ended April 29, 2023. This release does not include a reconciliation of orders or backlog, as it would be impractical to do so without unreasonable effort.

(2) In evaluating its business, Daktronics considers and uses adjusted operating income as a key measure of its operating performance. The term adjusted operating income is not defined under GAAP and is not a measure of operating income, cash flows from operating activities, or other GAAP figures and should not be considered alternatives to those computations. We define non-GAAP adjusted operating income as operating income plus asset impairments. Management believes non-GAAP adjusted operating income is a useful indicator of our financial performance and our ability to generate cash flows from operations. Our definition of non-GAAP adjusted operating income may not be comparable to similarly titled definitions used by other companies. The table above reconciles non-GAAP adjusted operating income to comparable GAAP financial measures. Adjusted operating margin was 8.7% for FQ4 F2023.



FY2024 FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)



(\$ in thousands, except per share data)

	F2024	F2023	Change
Cash, net of debt	\$ 27,014	\$ 6,232	Fourfold Increase
Working capital	\$ 209,654	\$ 132,495	58.2%
Operating cashflow	\$ 63,240	\$ 15,025	Fourfold Increase

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MARKET VERTICAL – FQ4 REVIEW



Live Events

- Detroit Tigers/Comerica Park complete
- FQ4/FY Orders +44% / +24%
- Strong order flow from Iowa State U of Texas, U of Maryland



Commercial

- Spectacular slower
- On Premise and OOH rebounded in FQ4
- FQ4/FY Orders -12% / -14%
- Economic driven segment



Transportation

- Airline hub project
- ITS systems
- FQ4/FY Orders -1% / +20%



International

- Quoting activity has been strong, beginning to see signs of higher order conversion rates. FQ4/FY Orders +80% / +7%
- Economic impacts in OOH space

High School Park and Recreation

- Video transition – to entertain, educate, and advertise
- FQ4 up sequentially (seasonally)
- FQ4/FY Orders -6% / +3%

Control Capabilities

- Multi-Year Platform strategy advancement

FY 2025 Strategic Priorities

Further upgrade Internal systems / digital transformation projects:

- Enhance, further modernize service systems, including field service automation
- Enterprise Performance Management tool – Invest to increase data capture and financial planning
- Quoting and Sales process automation

Growth opportunities to further penetrate SAM:

- Technology/innovation – Evolve NPP product set from surface-mount to COB -> **Flip-Chip COB LED display launch**
- Allocate resources and capital to most profitable segments
- Add professional services / control systems / other content-related to drive MRR. allow customers to derive higher ROI from their investment

Lower overall costs:

- Add capacity flexibility, plant manufacturing allocation and utilization
- Adjust production and capabilities to smoothly manage order flow and operational effectiveness
- Improve installation methods



Summary

- Full-year results confirm we have overcome the past years' operational challenges
- Commitment to improve and consistently earn returns above the cost of capital through allocation of resources and reducing cost structure.
- Allocating resources and capturing growth in existing profitable SAM, developing growth in additional areas
- Poised for durable revenue, earnings, and cash flow
- Global industry leader in best-in-class video communication displays and control systems
- Only US manufacturer of scale with a global footprint and servicing by geographic market
- Extending technology leadership, high-quality solutions, world class service



On-Premise Outdoor Display – North Dakota



Lusail Boulevard – Saudi Arabia

APPENDIX

NET SALES AND ORDERS BY BUSINESS UNIT

(\$ in thousands)

	Three Months Ended				Twelve Months Ended			
	April 27, 2024	April 29, 2023	Dollar Change	Percent Change	April 27, 2024	April 29, 2023	Dollar Change	Percent Change
Net Sales:								
Commercial	\$ 38,998	\$ 43,458	\$ (4,460)	(10.3)%	\$ 161,626	\$ 170,590	\$ (8,964)	(5.3)%
Live Events	104,906	91,530	13,376	14.6	338,508	284,900	53,608	18.8
High School Park and Recreation	36,409	35,621	788	2.2	170,349	141,748	28,601	20.2
Transportation	24,173	18,509	5,664	30.6	85,390	72,306	13,084	18.1
International	11,394	20,744	(9,350)	(45.1)	62,210	84,652	(22,442)	(26.5)
	<u>\$ 215,880</u>	<u>\$ 209,862</u>	<u>\$ 6,018</u>	<u>2.9 %</u>	<u>\$ 818,083</u>	<u>\$ 754,196</u>	<u>\$ 63,887</u>	<u>8.5 %</u>
Orders:								
Commercial	\$ 34,084	\$ 38,902	\$ (4,818)	(12.4)%	\$ 135,251	\$ 158,028	\$ (22,777)	(14.4)%
Live Events	94,755	65,890	28,865	43.8	321,191	259,653	61,538	23.7
High School Park and Recreation	44,581	47,345	(2,764)	(5.8)	148,505	144,919	3,586	2.5
Transportation	20,698	20,939	(241)	(1.2)	80,107	66,751	13,356	20.0
International	11,667	6,473	5,194	80.2	55,117	51,603	3,514	6.8
	<u>\$ 205,785</u>	<u>\$ 179,549</u>	<u>\$ 26,236</u>	<u>14.6 %</u>	<u>\$ 740,171</u>	<u>\$ 680,954</u>	<u>\$ 59,217</u>	<u>8.7 %</u>

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RECONCILIATION OF FREE CASH FLOW (1)

(\$ in thousands, unaudited)

	Twelve Months Ended	
	April 27, 2024	April 29, 2023
Net cash provided by operating activities	\$ 63,241	\$ 15,024
Purchases of property and equipment	(16,980)	(25,385)
Proceeds from sales of property and equipment	174	822
Free cash flow	\$ 46,435	\$ (9,539)

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RECONCILIATION OF ADJUSTED OPERATING INCOME

(\$ in thousands, unaudited)

	Three Months Ended		Twelve Months Ended	
	April 27, 2024	April 29, 2023	April 27, 2024	April 29, 2023
Operating income (GAAP Measure)	\$ 19,427	\$ 18,263	\$ 87,115	\$ 21,388
Plus goodwill impairment	—	—	—	4,576
Adjusted operating income (non-GAAP measure)	\$ 19,427	\$ 18,263	\$ 87,115	\$ 25,964

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RECONCILIATION OF ADJUSTED NET INCOME (LOSS)

(\$ in thousands, unaudited)

	Three Months Ended		Twelve Months Ended	
	April 27, 2024	April 29, 2023	April 27, 2024	April 29, 2023
Net income	\$ 2,518	\$ 21,399	\$ 34,621	\$ 6,802
Change in fair value of convertible note	4,980	—	16,550	—
Debt issuance costs expensed due to fair value of convertible note, net of taxes	—	—	2,149	—
Goodwill impairment	—	—	—	4,576
Equity method affiliates impairment	5,268	4,473	6,359	4,473
Adjusted net income	<u>\$ 12,766</u>	<u>\$ 25,872</u>	<u>\$ 59,679</u>	<u>\$ 15,851</u>

(1) Adjusted net income. We disclose adjusted net income as a non-GAAP financial measurement in order to report our results exclusive of items that are non-recurring or not core to our operating business. We believe presenting this non-GAAP financial measurements provides investors with a consistent way to analyze our performance.



RECONCILIATION OF LONG-TERM DEBT

(\$ in thousands, unaudited)

	April 27, 2024	April 29, 2023
ABL credit facility/prior line of credit	\$ —	\$ 17,750
Mortgage	13,875	—
Convertible note	25,000	—
Long-term debt, gross	38,875	17,750
Debt issuance costs, net	(761)	—
Change in fair value of convertible note	16,550	—
Current portion	(1,500)	—
Long-term debt, net	<u>\$ 53,164</u>	<u>\$ 17,750</u>

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