



TECHNICAL & PROFESSIONAL SERVICES



DYNAMIC MESSAGE SIGNS



VIDEO BOARDS & MESSAGE CENTERS



# Fiscal First Quarter 2025 Results Call

September 4, 2024  
NASDAQ: DAKT



INDOOR HIGH RESOLUTION



CONTROL SYSTEMS



DIGITAL BILLBOARDS



Outdoor

# 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 FIRST QUARTER 2025 HIGHLIGHTS



## **Great start to the year – drove YoY orders, sequential revenue and profitability growth**

- FQ1 Orders +11.1% YoY, -14.5% QoQ
- Drove sales through fulfillment of several large projects, efficient manufacturing/throughput and on-time deliveries for sports installs, especially in Live Events and HSPR
- Stable operating environment and continued supply chain reliability
- FQ1 24 record results, in which pent-up backlog was still being fulfilled, make Q1/Q4 comparisons more meaningful this quarter – operating, seasonal environments more comparable

## **Continued solid operating cash flow generation of \$19.5 million**

## **Strong progress along roadmap of strategic priorities**

- On track to achieve specific milestones in fiscal 2025
- Implementations targeted for seasonally quieter FQ3 and through year-end

## **Product Backlog \$267 million – Expect order growth in F2025**

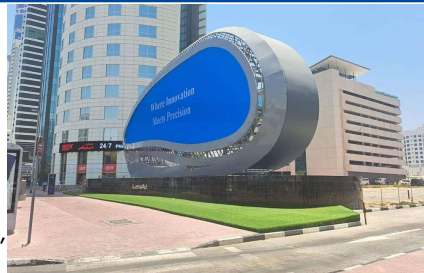


# MARKET VERTICAL – FQ1 REVIEW



## Live Events

- Completed large projects / Some orders moved to Q2
- Orders -2% YoY / -46% QoQ
- Strong order flow from UConn Arena, U of St Thomas (MN), Auburn, Alabama Tide



## Commercial

- Orders +30% YoY / +24% QoQ
- Spectaculars rebounded
- OOH and national brands continued strong
- Independent channel investments paying off
- Economic driven segment



## Transportation

- Orders +20% YoY / +10% QoQ
- Timing on large projects
- Won large DART project



## International

- Orders -28% YoY / +20% QoQ
- Good indications of interest
- OOH rebounded – indicates stronger economic confidence

## High School Park and Recreation

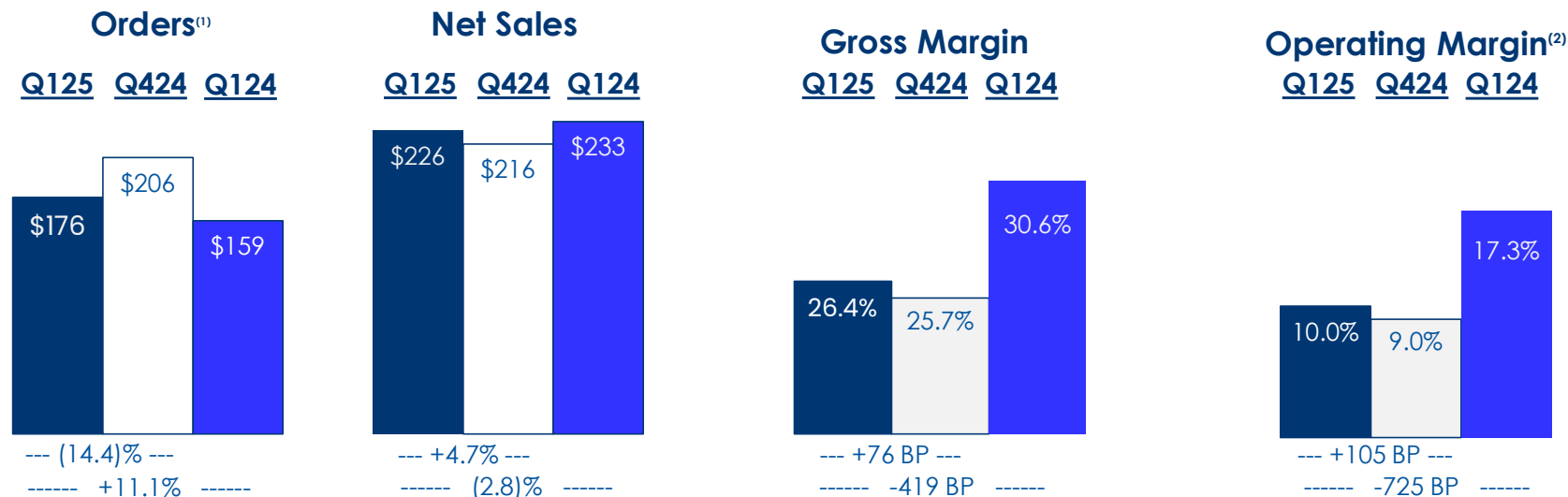
- Orders +30% YoY / +4% QoQ
- Conversion to video driving demand – entertain, educate, advertise
- Rolled out new, higher-margin product

## Control Capabilities

- Multi-Year Platform strategy advancement – new control capabilities / 3D visualization / real-time rendering launching by year-end FY25

# FQ1 FY2025 FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)



(\$ in thousands, except per share data)

	Q12025	Q12024	Change
Cash, net of debt	\$ 22,337	\$ 11,428	95.5%
Working capital	\$ 230,466	\$ 182,241	26.5%
Operating cashflow	\$ 19,481	\$ 19,250	1.2%

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) 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. Adjusted net income was \$16.6 million for Q1 FY2025



# Fiscal 2025 Strategic Priorities

## Digital transformation :

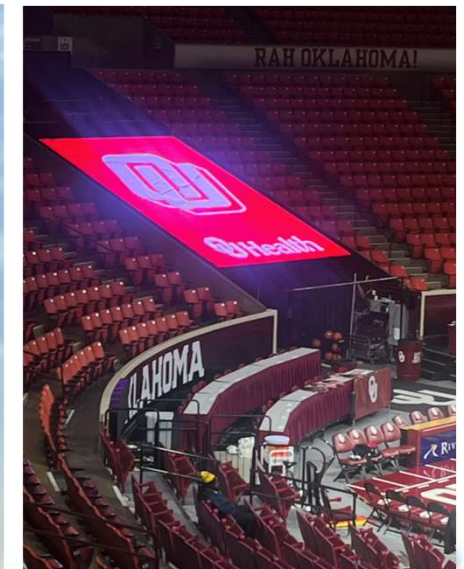
- Strengthening foundational management systems to support more robust data gathering and analysis and allocate resources and capital to most profitable segments
- F2025 launches:
  - New Enterprise Performance Management tools
  - Upgraded service and systems maintenance solutions
- Lay groundwork for F2026 front-end quoting and sales automation launch

## Growth opportunities to further penetrate SAM:

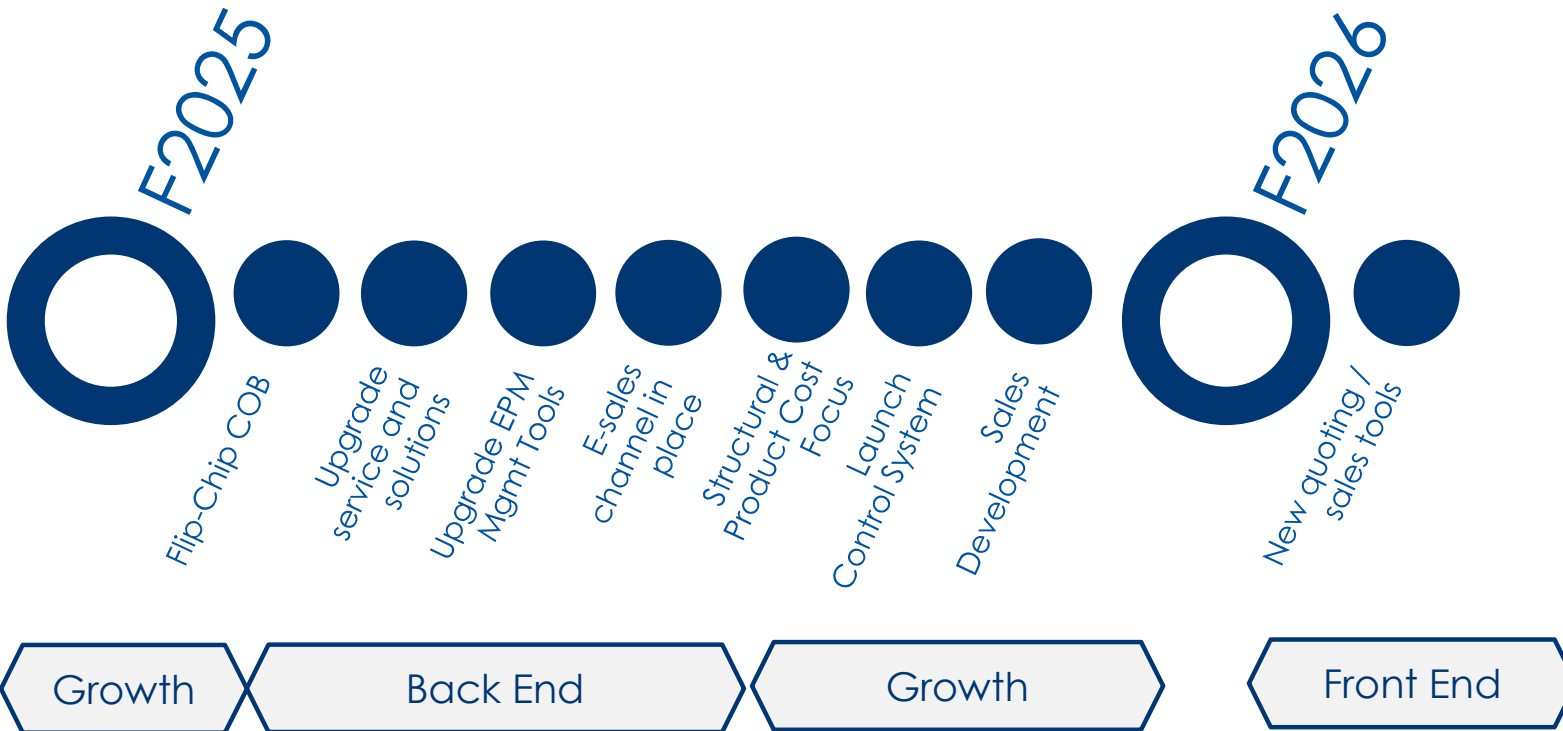
- By EOY F2025: launching new show control capabilities
- Sales channel development and allocation of resources for growing markets
- Add professional services / other content-related to drive MRR allow customers to derive higher ROI from their investment
- E-sales channel in place, driving orders

## Business transformation to drive profitable growth, investments in near term for:

- Digital transformation
- Capabilities in market research, value selling and developing for our global markets to increase market competitiveness
- Maximizing operational efficiencies and procurement processes to lower structural and product costs



# FISCAL 2025-26 ROADMAP



## Business & Digital Transformation

World-leading Offerings & Efficiencies  
+  
Optimized Structural and Product Costs  
+  
Enhancements for growth  
=  
**Durable Profitability and ROIC**





# Summary

- Performance continues to serve as evidence that we are on sustainable trajectory of growth and increasing profitably
- Commitment to improve and consistently earn returns above the cost of capital
- Allocating resources and capturing growth in existing profitable SAM, developing growth in additional areas
- Strategies focused to lower costs
- 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



Intuit Dome – Los Angeles





Qarnet Command Center – Kazakhstan

# APPENDIX

# NET SALES AND ORDERS BY BUSINESS UNIT

(\$ in thousands)

<i>(in thousands)</i>	Three Months Ended			
	July 27, 2024	July 29, 2023	Dollar Change	Percent Change
<b>Net Sales:</b>				
Commercial	\$ 34,199	\$ 46,883	\$ (12,684)	(27.1)%
Live Events	108,608	91,999	16,609	18.1
High School Park and Recreation	48,006	56,234	(8,228)	(14.6)
Transportation	22,490	21,369	1,121	5.2
International	12,785	16,046	(3,261)	(20.3)
	<u>\$ 226,088</u>	<u>\$ 232,531</u>	<u>\$ (6,443)</u>	<u>(2.8)%</u>
<b>Orders:</b>				
Commercial	\$ 42,122	\$ 32,434	\$ 9,688	29.9 %
Live Events	50,899	52,203	(1,304)	(2.5)
High School Park and Recreation	46,447	35,739	10,708	30.0
Transportation	22,759	18,985	3,774	19.9
International	13,943	19,269	(5,326)	(27.6)
	<u>\$ 176,170</u>	<u>\$ 158,630</u>	<u>\$ 17,540</u>	<u>11.1 %</u>

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# RECONCILIATION OF FREE CASH FLOW (1)

(\$ in thousands, unaudited)

	Three Months Ended	
	July 27, 2024	July 29, 2023
Net cash provided by operating activities	\$ 19,481	\$ 19,250
Purchases of property and equipment	(5,081)	(4,547)
Proceeds from sales of property and equipment	45	27
Free cash flow	<u>\$ 14,445</u>	<u>\$ 14,730</u>

(1) In evaluating its business, Daktronics considers and uses free cash flow as a key measure of its operating performance. The term free cash flow is not defined under accounting principles generally accepted in the United States of America ("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. Free cash flow is intended to provide information that may be useful for investors when assessing period to period results. Daktronics' free cash flow may not have the same meaning or be calculated in the same way as the same or similar terms used by other companies.





# RECONCILIATION OF ADJUSTED NET INCOME (LOSS)

(\$ in thousands, unaudited)

	Three Months Ended	
	July 27, 2024	July 29, 2023
Net (loss) income	\$ (4,946)	\$ 19,196
Change in fair value of convertible note	21,590	7,260
Debt issuance costs expensed due to fair value of convertible note, net of taxes	—	2,290
Adjusted net income	<u>\$ 16,644</u>	<u>\$ 28,746</u>

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# RECONCILIATION OF LONG-TERM DEBT

(\$ in thousands, unaudited)

	July 27, 2024	April 27, 2024
Mortgage	\$ 13,500	\$ 13,875
Convertible note	25,000	25,000
Long-term debt, gross	38,500	38,875
Debt issuance costs, net	(668)	(761)
Change in fair value of convertible note	38,140	16,550
Current portion	(1,500)	(1,500)
Long-term debt, net	<u>\$ 74,472</u>	<u>\$ 53,164</u>





TECHNICAL & PROFESSIONAL SERVICES

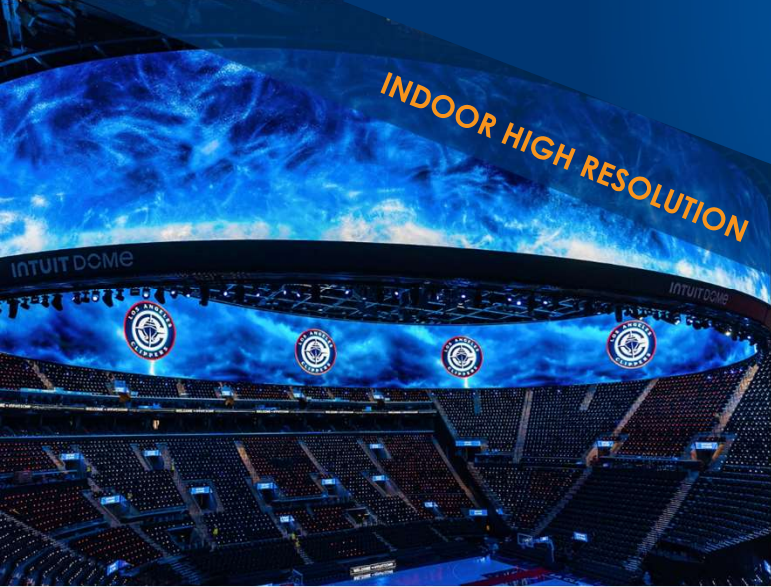


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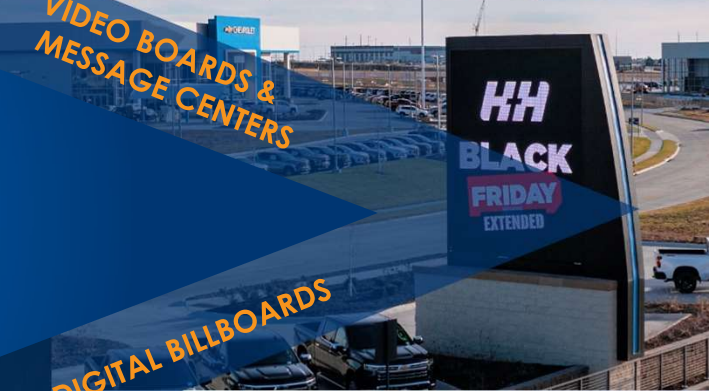
UNIVERSITY OF ST. THOMAS



INDOOR HIGH RESOLUTION



CONTROL SYSTEMS



DIGITAL BILLBOARDS



24 HRS

NEXT EXIT BY Pilot

9 Outdoor