



**FIRST QUARTER FISCAL 2023**  
**NASDAQ: DAKT**

# SAFE HARBOR STATEMENT

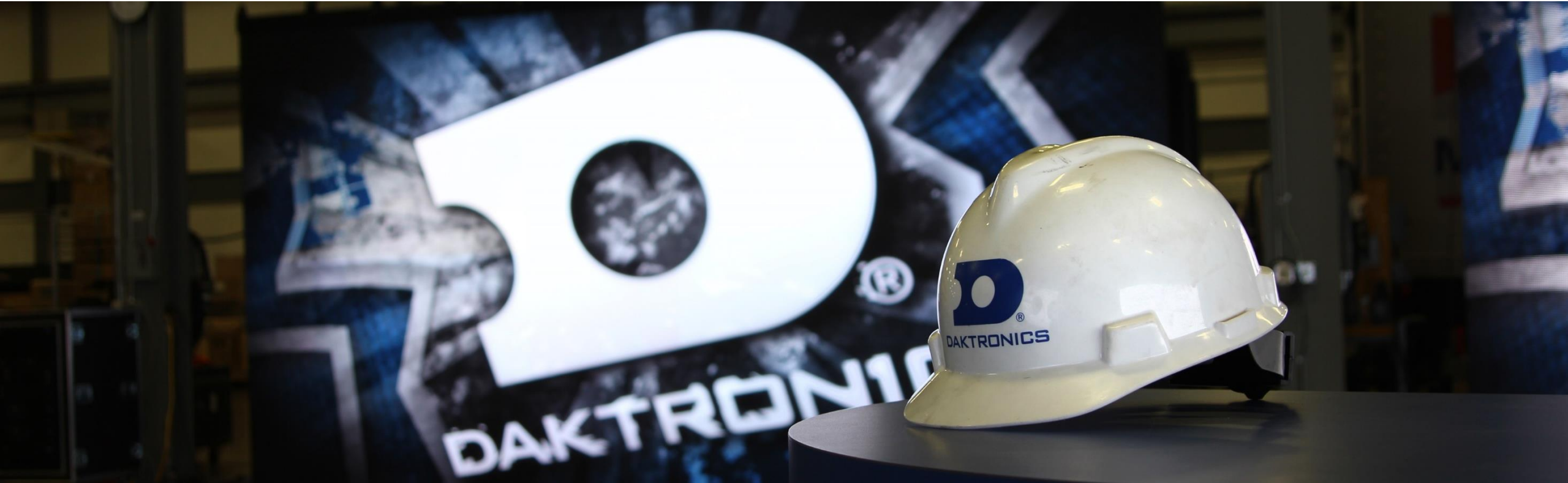
In addition to statements of historical fact, this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and is intended to enjoy the protection of that Act.

All forward-looking statements involve risks and uncertainties which may be out of our control and may cause actual results to differ materially. Such risks include changes in economic conditions, changes in the competitive and market landscape, including impacts of global trade discussions and policies, the impact of governmental laws, regulations, and orders, as a result of the COVID-19 pandemic, disruptions to our business caused by geopolitical events, military actions, work stoppages, nature disasters, or international health emergencies, such as the COVID-19 pandemic, management of growth, timing and magnitude of future contracts, fluctuations of margins, the introduction of new products and technology, availability of raw materials and components, and other important factors as noted and detailed in our 10-K and 10-Q SEC filings.

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.



# DAKTRONICS VISION



To be the world leader at informing and entertaining audiences through dynamic audio-visual communication systems.



# DAKTRONICS MISSION

## Our Values Reflect our Mission

Every day, our values are reflected in the way we build our products and our relationships. We deliver industry-leading value to our customers by:



Engaging our employees through challenging and rewarding opportunities



Developing strategic partnerships with our suppliers



Leveraging our strengths in product innovation, manufacturing and service

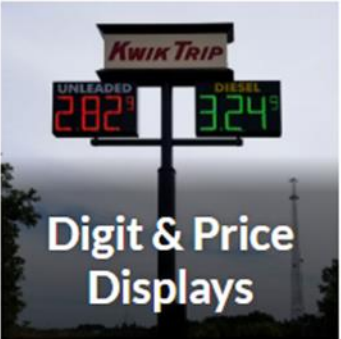
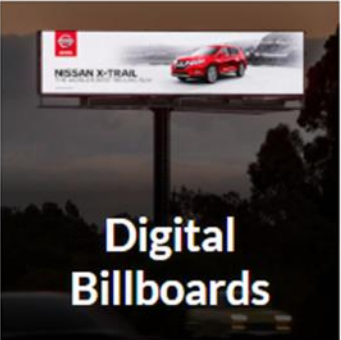
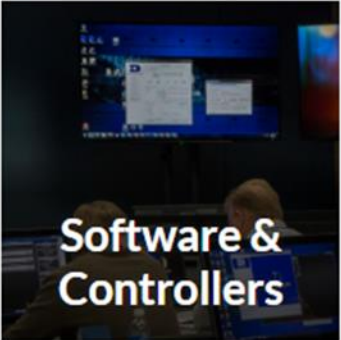
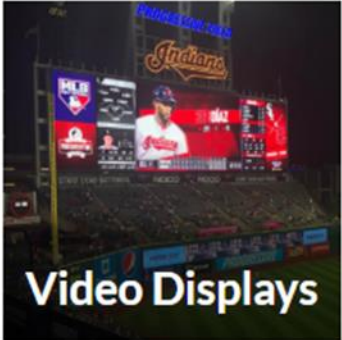
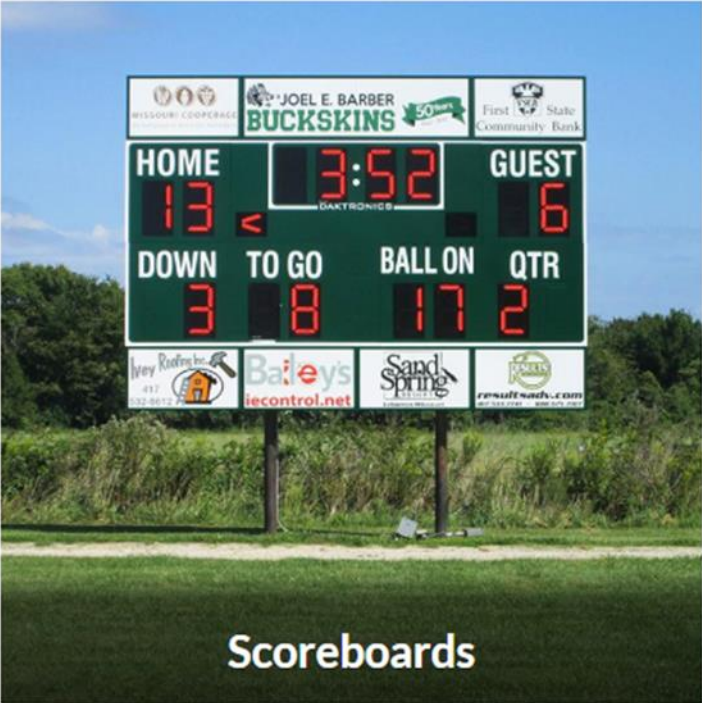


Contributing to the betterment of our communities



Generating an attractive return for investors

# INDUSTRY LEADER





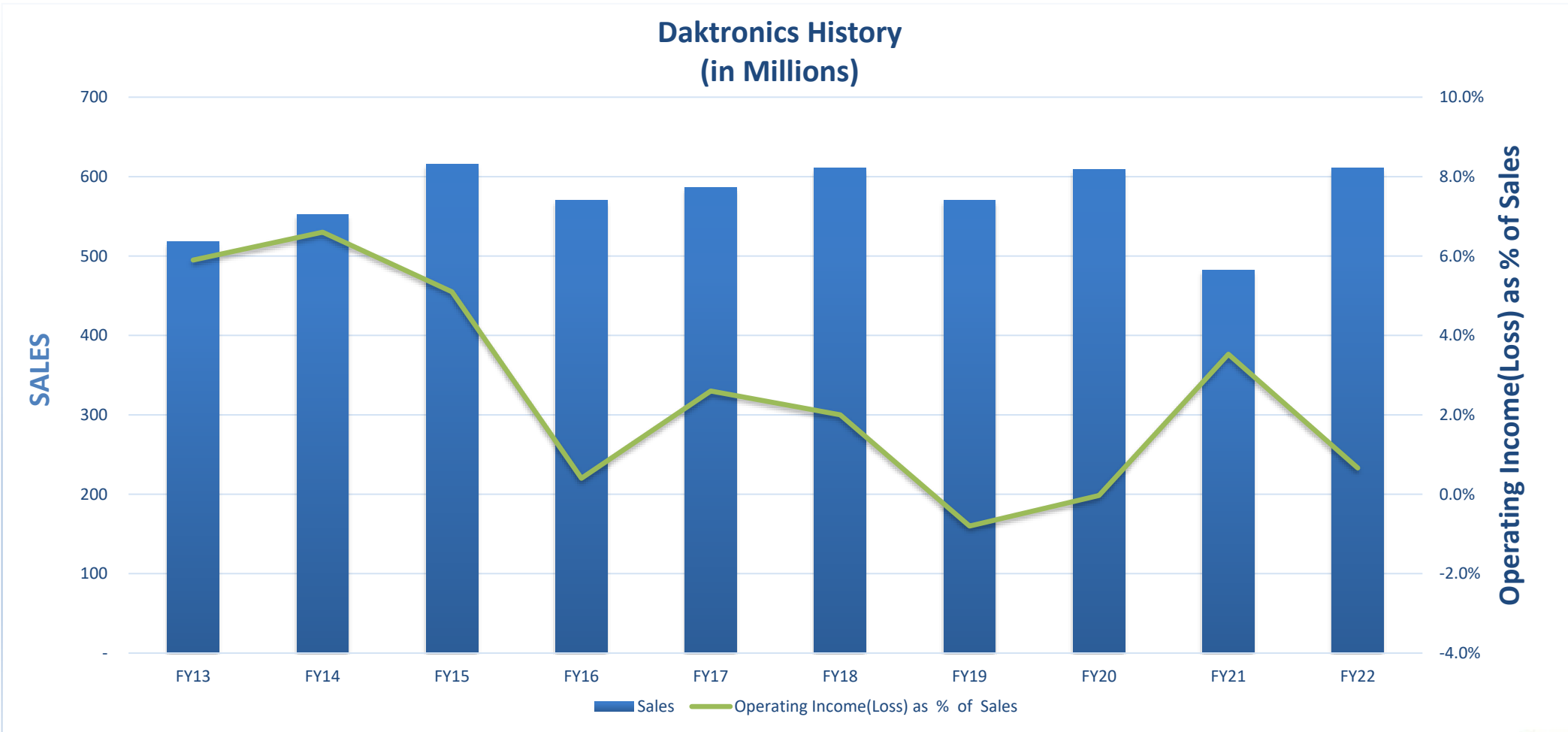
- ★: Sales Office
- ★: Manufacturing Facility

# OFFICES AROUND THE GLOBE

Products in **120+ Countries**  
throughout the world



# 10 YEAR HISTORY SALES & OPERATING INCOME %



# 10 Year History Free-Cash Flow\*

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net cash from operations	\$ 50,749	\$ 36,199	\$ 54,702	\$ 13,354	\$ 39,407	\$ 30,361	\$ 29,546	\$ 10,808	\$ 66,212	\$ (26,830)
Net capital expenditures	(9,476)	(13,281)	(24,830)	(23,963)	(8,304)	(15,948)	(16,661)	(17,769)	(4,707)	(19,492)
Free cash flow**	\$ 41,273	\$ 22,918	\$ 29,872	\$ (10,609)	\$ 31,103	\$ 14,413	\$ 12,885	\$ (6,961)	\$ 61,505	\$ (46,322)

Pandemic  
Pullback

Pandemic  
Recovery

\*\$ in thousands



# 10 Year History

## Return to Shareholders

Fiscal Year	Regular Dividend/ Share	Annualized Dividend Yield	Special Dividend/ Share	Total Dividend Payout (000's)	Share Repurchased (000's)	Total Shared Repurchased Cost (000's)
2012 <sup>(1)</sup>	0.220	1.9%	0.400	25,950		
2013	0.230	3.6%	0.500	30,859		
2014 <sup>(2)</sup>	0.390	3.0%	-	16,690		
2015	0.400	3.7%	-	17,377		
2016	0.400	5.1%	-	17,556		
2017 <sup>(3)</sup>	0.270	2.8%	0.040	13,651	284	\$1,825
2018	0.280	3.1%	-	12,424	-	-
2019	0.280	3.8%	-	12,554	-	-
2020	0.200	4.5%	-	8,994	1,039	\$5,636
2021 <sup>(4)</sup>	-	0.0%	-	-	-	-
2022	-	0.0%	-	-	641	\$3,184

(1) – changed to semi-annual dividend

(2) – changed to quarterly dividend

(3) – share repurchase program authorized during FY17

(4) - Dividends and share repurchases suspended in April 2020 because of uncertainties caused by COVID-19 pandemic.



# More about Daktronics

- ✓ 52/53 Week Fiscal Years ending in April
- ✓ Seasonality to results (Sports/Construction season)
- ✓ Video systems comprise a large portion of business with standard systems and services comprising the remaining
- ✓ Large video systems projects may include general contracting with lower margin %, but add margin \$
- ✓ Customer delivery schedules & sports season impact quarterly results
- ✓ Q3 Includes 2 major holidays

## 10 YEAR HISTORY DILUTED EARNINGS PER SHARE (after adjustment for splits)

Fiscal Year	Q1	Q2	Q3	Q4
2013	+ 0.16	+ 0.27	+ 0.06	+ 0.04
2014	+ 0.13	+ 0.27	+ 0.07	+ 0.04
2015	+ 0.20	+ 0.18	+ 0.01	+ 0.08
2016	+ 0.09	+ 0.07	- 0.04	- 0.07
2017	+ 0.13	+ 0.20	- 0.12	+ 0.02
2018	+ 0.19	+ 0.16	- 0.14	- 0.09
2019	+ 0.10	+ 0.19	- 0.07	- 0.24
2020	+ 0.16	+ 0.16	- 0.28	- 0.02
2021	+ 0.17	+ 0.08	0.00	+ 0.01
2022	+ 0.08	+ 0.05	- 0.10	- 0.02
2023	- 0.12			



# FY2022 ANNUAL RESULTS

(\$ in thousands, except per share data)

	Twelve Months Ended		Percent Change
	30-Apr 2022	1-May 2021	
Orders	\$ 846,071	\$ 515,884	64.0%
Net sales	\$ 610,970	\$ 482,033	26.7%
Gross profit	116,697	120,583	-3.2%
Gross margin	19.1%	25.0%	
Operating income	4,046	17,108	-76.4%
Operating margin	0.7%	3.5%	
Net income	\$ 592	\$ 10,926	-94.6%
% of sales	0.1%	2.3%	
Diluted earnings per share	\$ 0.01	\$ 0.24	

Pandemic impacts to demand 2021 and Supply Chain 2022 creating dramatic changes

# FY2023 FIRST QUARTER RESULTS

(\$ in thousands, except per share data)

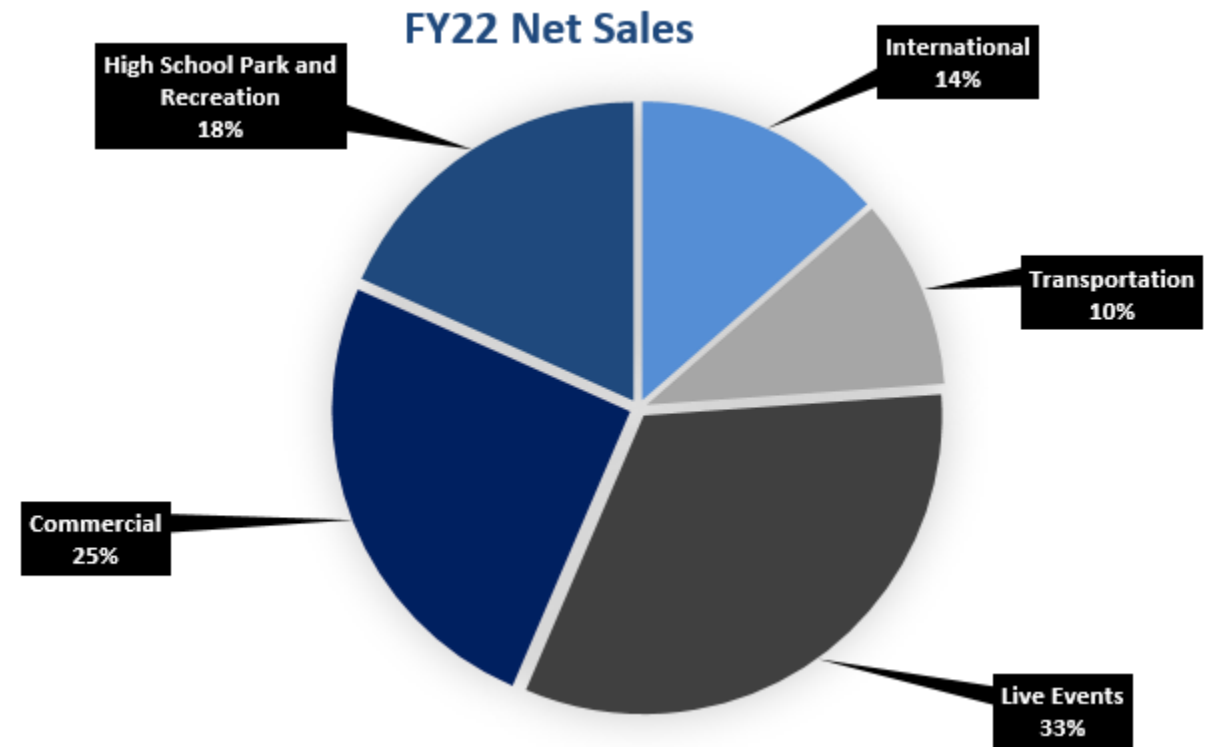
	Three Months Ended		Percent Change
	30-Jul 2022	31-Jul 2021	
Orders	\$ 170,223	\$ 181,746	-6.3%
Net sales	\$ 171,920	\$ 144,732	18.8%
Gross profit	25,794	32,187	-19.9%
Gross margin	15.0%	22.2%	
Operating (loss) income	(5,519)	5,660	-197.5%
Operating margin	-3.2%	3.9%	
Net (loss) income	\$ (5,326)	\$ 1,244	-528.1%
% of sales	-3.1%	0.9%	
Diluted earnings per share	\$ (0.12)	\$ 0.08	

# CURRENT CONDITIONS

- Extraordinary supply chain disruptions persist
  - Carrying higher quantities of inventory
  - Inflation in costs
  - Allocating resources to redesigns of certain products for available parts
  - Adjusting pricing
  
- While market demand remains strong, macroeconomic events increase likelihood of deteriorating global economic conditions
  - Strong first quarter orders, some International demand softening

# Business Unit Recap

- ✓ Live Events, Commercial, Transportation, and High School Park and Recreation, include net sales in the United States and Canada
- ✓ International net sales include rest of world and are primarily for solutions for large sports venues, spectacles, third-party advertising, and transportation type solutions



EXPERIENCE THE DAKTRONICS

DIFFERENCE



# LIVE EVENTS BUSINESS UNIT



New England Patriots

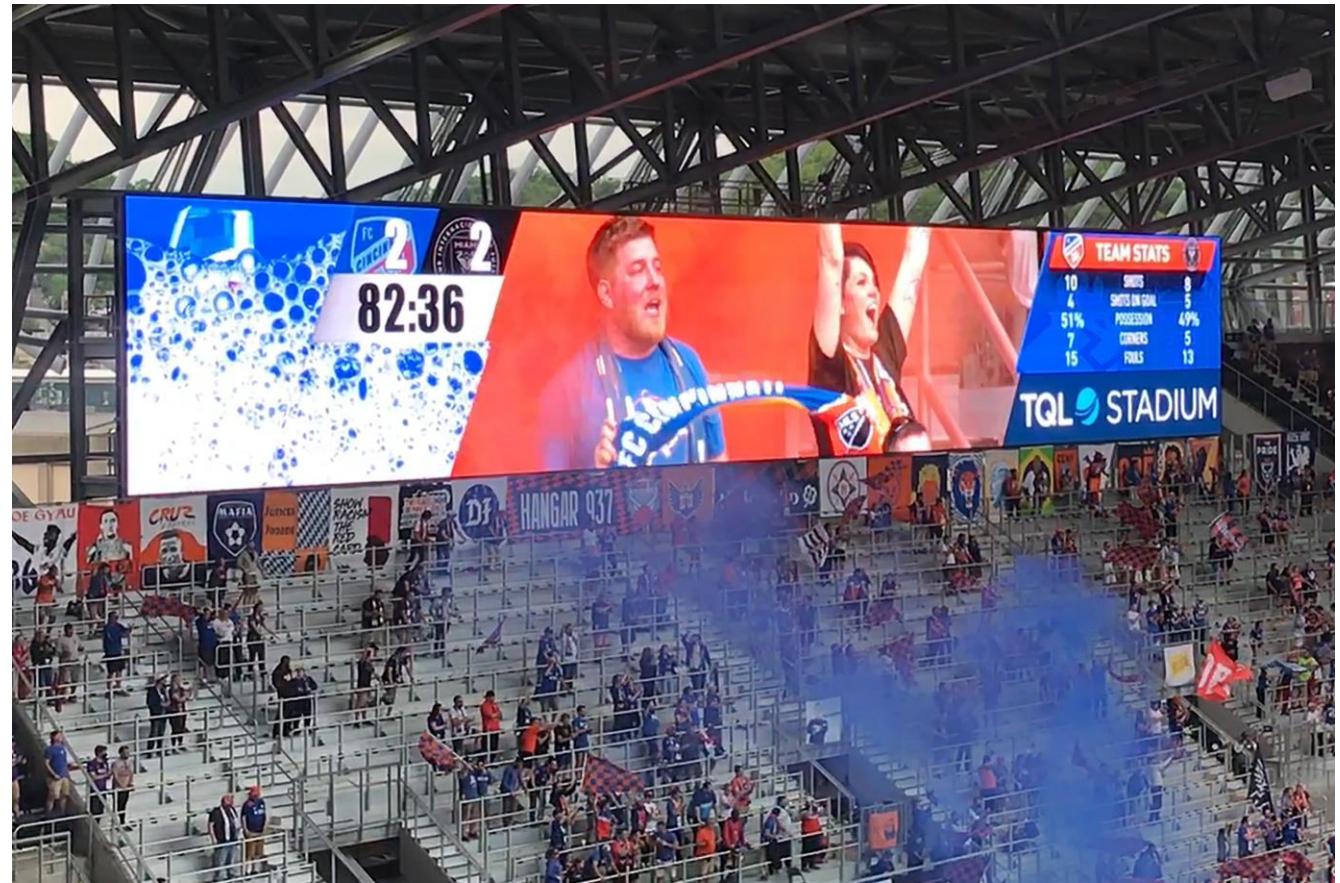
# LIVE EVENTS

» Video display solutions for large sports venues and live entertainment facilities

- Professional sports
- College and university
- Arenas

» Competition

- Mitsubishi, Lighthouse, Panasonic, Prismview (Division of Samsung) and others
- Asian competition through U.S. integrators



FC Cincinnati



# LIVE EVENTS

## Demand Drivers


- » Facility increased spend to:
  - Enhance attendee event experience
  - Revenue source from advertising
  - Competitive nature to outperform other facilities
- » Lower product costs, driving expansion of marketplace
- » High definition product offering (HD)
- » Replacement cycle (systems can last from 8-12 years)






Liberty University Arena

# HIGH SCHOOL PARK AND RECREATION (HSPR) BUSINESS UNIT



   
**Liam Dougherty**  
University of Mary  
Basketball

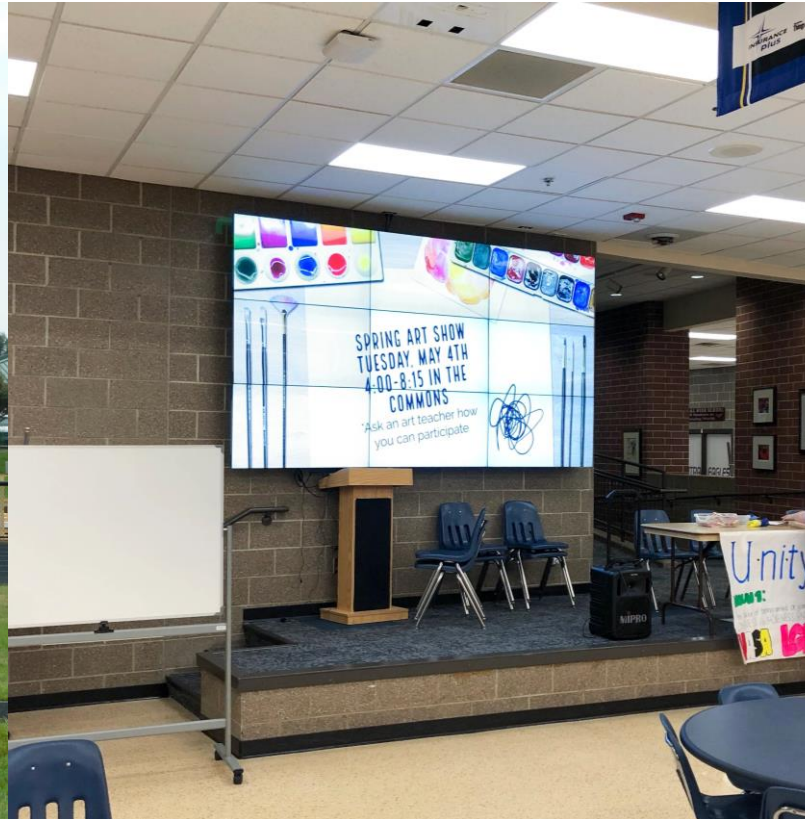
    

# HSPR

- » Video and scoring systems and message centers to
  - Elementary and high schools, junior colleges
  - Park and recreation departments
- » Primary funding is through local sponsors and advertisers



West Branch High School, Ohio



Aberdeen Central High School, SD

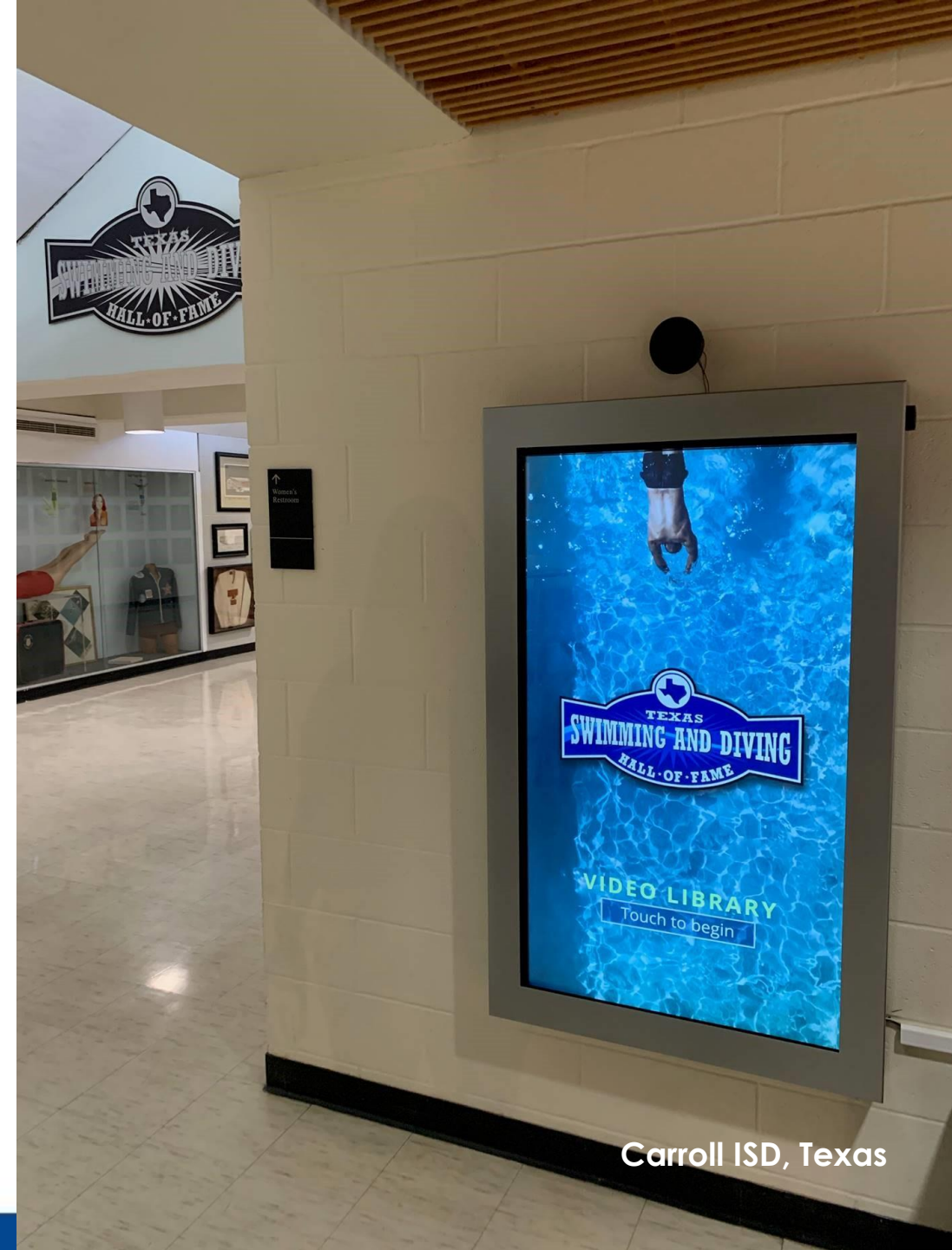
# HSPR

## » Growth Drivers

- Larger more sophisticated displays in sports venues
- Revenue generation
- Communication medium
- New construction/replacement cycles
- Curriculum usage

## » Competitors

- Formetco
- Scorevision
- Translux
- Nevco
- other smaller company manufacturers



# COMMERCIAL BUSINESS UNIT



Wilderness Resort  
Baraboo, WI



Book Your Billboard  
Sioux Falls, SD



Pendry West Hollywood Hotel  
West Hollywood, CA

# COMMERCIAL

- » Sales channel focus
  - Third party advertising/Out of Home Advertising (OOH)
  - On-premise advertising (retail)
  - Spectacular (custom video)
- » Primary offerings
  - Digital billboards
  - Message centers
  - Video display systems/display walls
  - Petroleum displays
  - Dynamic messaging systems



Marquee Media, Sacramento, CA



Kwik Trip, Glencoe, MN

# COMMERCIAL

- » Long-term growth drivers
  - Market adoption, including National Accounts
  - Spectacular use to entertain/advertise in unique locations
  - Effective advertising medium (outdoor and indoor networks)
  - Replacement cycle (7-10 years)
  - Architectural lighting
- » Competitors
  - Message Centers: Optec, Watchfire, Vantage
  - Digital Billboards: Watchfire, Formetco, Optotech
  - Video Projects: Sansi, Prismview, ANC, Integrators using Asian Manufacturers
  - Video Walls: Sansi, Leyard, Absen, Unilumen



George Chevrolet Bellflower, CA



Barstool Sportsbook Ameristar Casino Blackhawk, CO

# TRANSPORTATION BUSINESS UNIT



*Project NEON, Nevada DOT*



Ft. Lauderdale-Hollywood International Airport



# TRANSPORTATION

- » Three niches
  - Intelligent transportation systems (ITS)
  - Airports
  - Mass Transit
- » Competitors
  - Skyline
  - Ledstar
  - Telegra
  - SES-America
  - Imago
  - others



Intelligent Transit Systems (ITS)

*Penn Turnpike, Norristown Interchange, PA*

# TRANSPORTATION

## » Long-term growth drivers

- Transportation management - increasing traffic demands on constrained infrastructure
- Governmental funding and investment in infrastructure projects
- Infographic communication
- Advertising needs



Traffic Management Center – video wall



Minneapolis-St. Paul International Airport  
Roadway and Parking Garage displays

# INTERNATIONAL BUSINESS UNIT



National Museum of Qatar  
Doha, Qatar

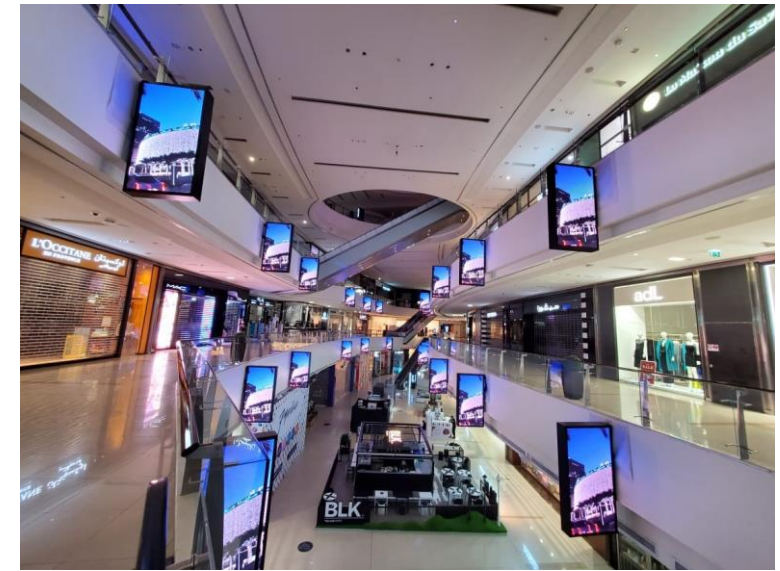
# INTERNATIONAL

## Main products

- » Commercial video systems
- » Sports video systems
- » Digital billboard (OOH)
- » Architectural lighting
- » Transportation systems

## Infrastructure

- » World-wide sales & service offices
- » International Manufacturing:
  - China- architectural lighting and video displays
  - Ireland – transportation products



Marina Mall - Dubai



Hamad Medical Corporation - Dubai

# INTERNATIONAL

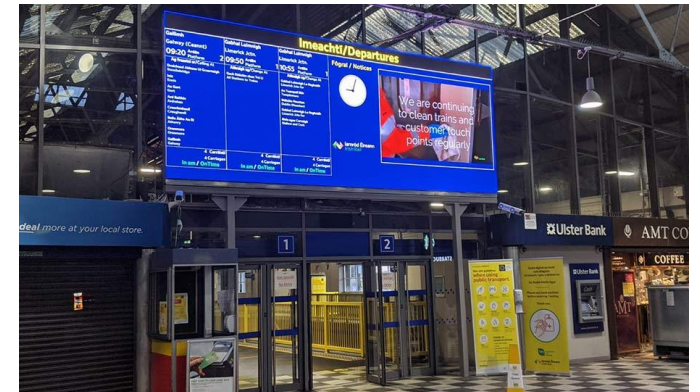
## » Growth opportunities

- 3<sup>rd</sup> party advertising/Out of Home Advertising
- Live Events facilities/sports
- European/Middle East transportation systems
- Increased geographical coverage

» Competitors: Absen, Samsung, Aoto, Leyard, Unilumen, Mitsubishi, Lighthouse, Panasonic, Barco and other country-specific competitors



Tochigi City Football Club - Japan



Irish Rail – Colbert Station Limerick Ireland

# LOOKING AHEAD



Westfield Manukau City – Auckland, New Zealand



Circa Resort and Casino – Las Vegas, Nevada, USA



Krispy Kreme – New York, New York, USA



# NEAR-TERM EXPECTATIONS

## FY2023 focus -

- ✓ Maximizing productivity, balancing constraints expected (supply chain)
- ✓ Strategic investments in our capacity additions for elevated demand and future demand expectations
- ✓ Managing headwinds in material, labor, freight availability, and inflation
- ✓ Offering and developing comprehensive products and service, especially in narrow pixel pitch, advanced control systems, and alternative technologies
- ✓ Growing and fostering our direct and indirect sales channels
- ✓ Automating and improving processes and systems for enhancements to customers and employee's experiences



# ACHIEVING LONG-TERM PROFITABLE GROWTH & SHAREHOLDER VALUE CREATION

## - Growth

- ✓ Continued global market adoption and expansion
- ✓ Providing industry leading solutions and services
- ✓ Natural Replacement cycle
- ✓ Brand of choice and value to customers
- ✓ Continued investment in new and advancement in technologies
- ✓ Developing new sales and marketing channels
- ✓ Worldwide economic conditions

## - Investments in Automation and Experience



Westgate Resort & Casino –  
Las Vegas, Nevada, USA



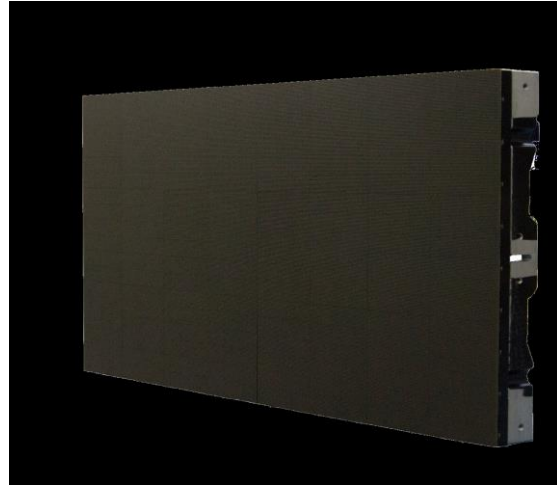
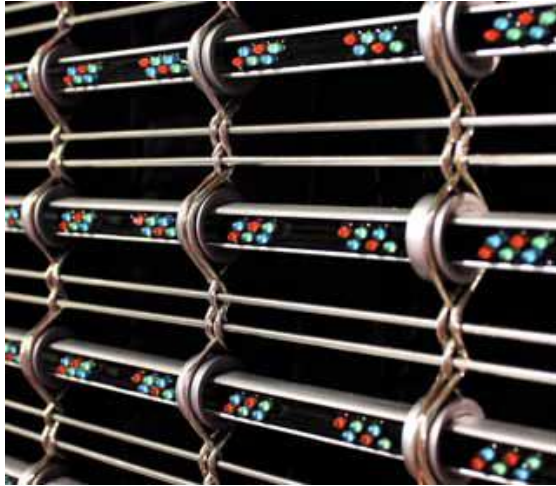
Joint Medical Operations Center –  
San Diego, California, USA



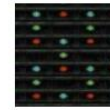
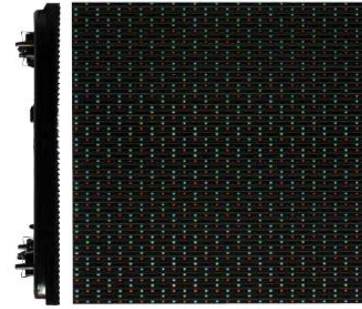
Beijing Indigo – Beijing, China



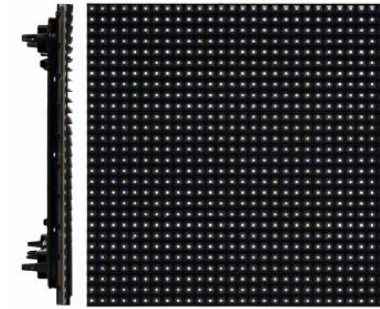
# SOLUTION EXAMPLES



## MODULE COMPARISON THROUGH-HOLE VS. SURFACE-MOUNT LEDs



THROUGH-HOLE LED MODULE



SURFACE-MOUNT LED MODULE



### Total Event Control

An integrated display control studio allows for flexible, intuitive display control and event management.



### Content Compositing

Powerful content compositing tools allow users to create broadcast-quality presentations.



### Live Data Integration

Streaming data integration makes it possible to enhance graphics with live stats and information.



### Media Players & Processors

Built-in media players and video processors allow for seamless delivery of a wide variety of digital media.



OUTDOOR SPECTACULARS



DYNAMIC MESSAGE SIGNS



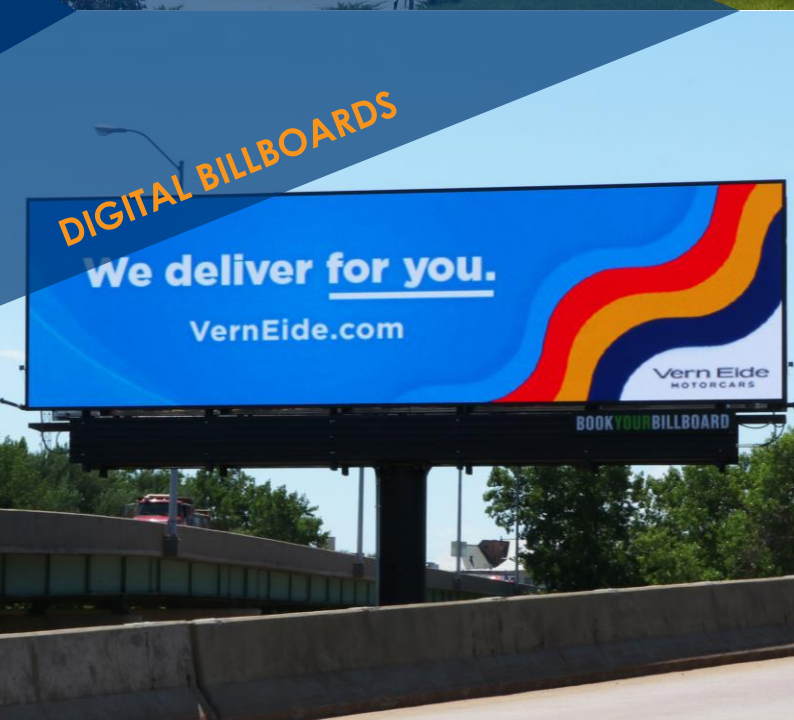
MESSAGE CENTERS



INDOOR HIGH RESOLUTION



CONTROL SYSTEMS



DIGITAL BILLBOARDS

# DAKTRONICS TECHNOLOGY



# QUESTIONS

# 10 YEAR HISTORY SUPPLEMENTAL INFORMATION

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales	\$518,322	\$551,970	\$615,942	\$570,168	\$586,539	\$610,530	\$569,704	\$608,932	\$482,033	\$610,970
Gross profit	133,894	141,710	144,579	121,019	140,415	145,669	130,294	138,700	120,583	116,697
Operating expenses	103,294	105,153	113,294	118,524	124,994	133,209	135,022	138,867	103,475	112,651
Operating income (loss)	30,600	36,557	31,285	2,495	15,421	12,460	(4,728)	(167)	17,108	4,046
Net income (loss)	22,779	22,206	20,882	2,061	10,342	5,562	(958)	491	10,926	592
Gross profit percentage	25.8%	25.7%	23.5%	21.2%	23.9%	23.9%	22.9%	22.8%	25.0%	19.1%
Operating margin percentage	5.9%	6.6%	5.1%	0.4%	2.6%	2.0%	(0.8%)	(0.0%)	3.5%	0.7%
Weighted average diluted shares outstanding	42,621	43,762	44,443	44,456	44,303	44,873	44,926	45,316	45,202	45,326
Diluted earnings per share	0.53	0.51	0.47	0.05	0.23	0.12	(0.02)	0.01	0.24	0.01
Cash dividend per share	0.73	0.39	0.40	0.40	0.31	0.28	0.28	0.20	-	-
Working capital	\$125,456	\$140,532	\$149,075	\$123,714	\$127,130	\$132,825	\$119,601	\$106,037	\$118,383	\$103,876
Total assets	319,418	357,451	379,479	349,948	355,433	358,800	349,216	372,651	375,164	440,876
Shareholders' equity	188,246	203,119	212,039	201,067	198,286	197,616	187,663	176,980	193,554	191,564
Product Order Backlog	141,000	172,000	191,000	181,000	203,000	171,000	202,000	212,000	251,000	472,000
Product design and development expense	\$23,131	\$23,375	\$24,652	\$26,911	\$29,081	\$35,530	\$35,557	\$37,772	\$26,846	\$29,013
Capital expenditures	9,674	13,519	21,837	17,056	8,502	18,127	17,268	18,091	7,891	20,377
Depreciation and amortization expense	15,607	14,501	15,136	16,943	19,392	17,784	18,635	17,718	17,077	15,394
Cash flow from operations	50,749	36,199	53,513	13,283	39,407	30,361	29,546	10,808	66,212	(26,830)
Regular dividend per share	0.23	0.39	0.40	0.40	0.27	0.28	0.28	0.20	-	-
Special dividend per share	0.50	-	-	-	0.04	-	-	-	-	-
Employees as of year-end:										
Full-time	2,210	2,280	2,420	2,470	2,405	2,405	2,412	2,395	1,981	2,246
Part-time and students	410	390	330	315	304	308	310	276	136	231
Stock price during fiscal year:										
High	\$ 12.40	\$ 15.80	\$ 14.47	\$ 12.24	\$ 11.00	\$ 10.76	\$ 10.05	\$ 7.91	\$ 7.22	\$ 7.20
Low	6.39	9.63	10.03	6.90	6.00	8.55	7.21	4.16	3.79	3.35
Stock price at fiscal year-end	9.57	13.06	10.75	8.70	9.46	9.01	7.30	4.45	6.17	3.35
EBITDA	46,200	51,000	46,400	19,400	34,800	30,200	13,900	17,551	33,500	18,500

