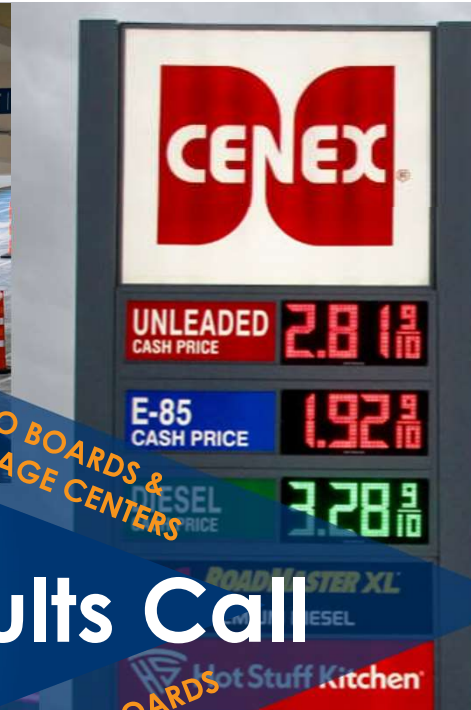




TECHNICAL & PROFESSIONAL SERVICES



DYNAMIC MESSAGE SIGNS



VIDEO BOARDS & MESSAGE CENTERS



INDOOR HIGH RESOLUTION



CONTROL SYSTEMS



DIGITAL BILLBOARDS

# Fiscal Third Quarter 2025 Results Call

March 5, 2025  
NASDAQ: DAKT



# SAFE HARBOR STATEMENT

## Forward-Looking Statements:

In addition to statements of historical fact, this presentation contains forward-looking statements within the meaning of the federal securities laws and is intended to receive the protections of such laws.

All statements, other than historical facts, included or incorporated in this presentation could be deemed forward-looking statements, particularly statements that reflect the expectations or beliefs of Daktronics, Inc. (the "Company," "Daktronics," "we," or "us") concerning future events or our future financial performance. You are cautioned not to place undue reliance on forward-looking statements, which are often characterized by discussions of strategy, plans, or intentions or by the use of words such as "may," "would," "could," "should," "will," "expect," "estimate," "anticipate," "believe," "intend," "plan," "forecast," "project," "predict," "potential," "continue," or "intend," the negative or other variants of such terms, or other comparable terminology. The Company cautions that these forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from our expectations as a result of various factors, 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, the imposition of tariffs, trade wars, the availability and costs of raw materials, components, and shipping services, geopolitical and governmental actions, and other risks described in the Company's Annual Report on Form 10-K for its 2024 fiscal year (the "Form 10-K") and in other reports filed with or furnished to the U.S. Securities and Exchange Commission (the "SEC") by the Company. You should carefully consider the trends, risks, and uncertainties described in this presentation, the Form 10-K, and other reports filed with or furnished to the SEC by the Company before making any investment decision with respect to our securities. If any of these trends, risks, or uncertainties continues or occurs, our business, financial condition, or operating results could be materially and adversely affected, the trading prices of our securities could decline, and you could lose part or all of your investment.

Forward-looking statements are made in the context of information available as of the date of this presentation and are based on our current expectations, forecasts, estimates, and assumptions. The Company undertakes no obligation to update or revise such statements to reflect circumstances or events occurring after this presentation except as may be required by applicable law. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

## Non-GAAP Measures:

This presentation contains certain measures that are not defined terms under U.S. generally accepted accounting principles ("GAAP"). These non-GAAP measures should not be considered in isolation or as a substitute for, or superior to, measures of liquidity or performance prepared in accordance with GAAP and may not be comparable to calculations of similarly titled measures by other companies. See the Appendix for a description of these financial measures and a reconciliation of all such non-GAAP financial measures to the most directly comparable GAAP financial measures.



# FISCAL THIRD QUARTER 2025 HIGHLIGHTS



## **Drove sequential order growth in the third quarter**

- Commercial orders continue to increase strongly
- Secured order for a major NFL stadium in Live Events unit
- International orders rebounded
- FQ3 Orders -2.7% YoY, +5.2% QoQ, +1.2% YTD

## **Mitigated seasonal dynamics and reduced cost to maintain gross margin**

- Sales -12.2% - third quarter is historically lowest-volume quarter
- Employed cost reduction strategies on lower volumes and favorable mix – gross margin 24.6% vs 24.5% last year

**Margin preservation and working capital management drove 26.8% increase in cash flow generation of \$12.0 million in FQ3, 39.1% increase to \$74.8 million YTD**

## **Teams continue to advance digital transformation projects / Business Transformation Office finalized rigorously planned program and launched initiatives during FQ3**

- Expect program to yield revenues faster than the addressable markets growth of 7-10% and 10-12% operating margins by fiscal 2028, supporting generation of returns on capital in the 17-20%

**Product Backlog \$273 million – Order Growth expected in Commercial and International in F2025**

# MARKET VERTICAL – FQ3 REVIEW



## Live Events

- Won major project with SE NFL team
- Soft MLB near-term demand
- Orders -18% YoY / +11% QoQ
- Akron Rubberducks minor league baseball



## Commercial

- Orders +19% YoY / -8% QoQ
- Continued strong OOH and Spectacular growth
- Independent channel investments continue to pay off
- NPP use in Recreation & Wellbeing center



## Transportation

- Won South Dakota DOT project
- Orders -27% YoY / +13% QoQ
- Variability in orders due to project size and timing of signing
- Intuit Dome parking garage – highlighting add on sales surrounding sports spaces



## International

- Orders 142% YoY / +34% QoQ
- Strength in order wins from OOH customers
- Bids converting to purchases at higher rates
- Order pipeline remains active

## High School Park and Recreation

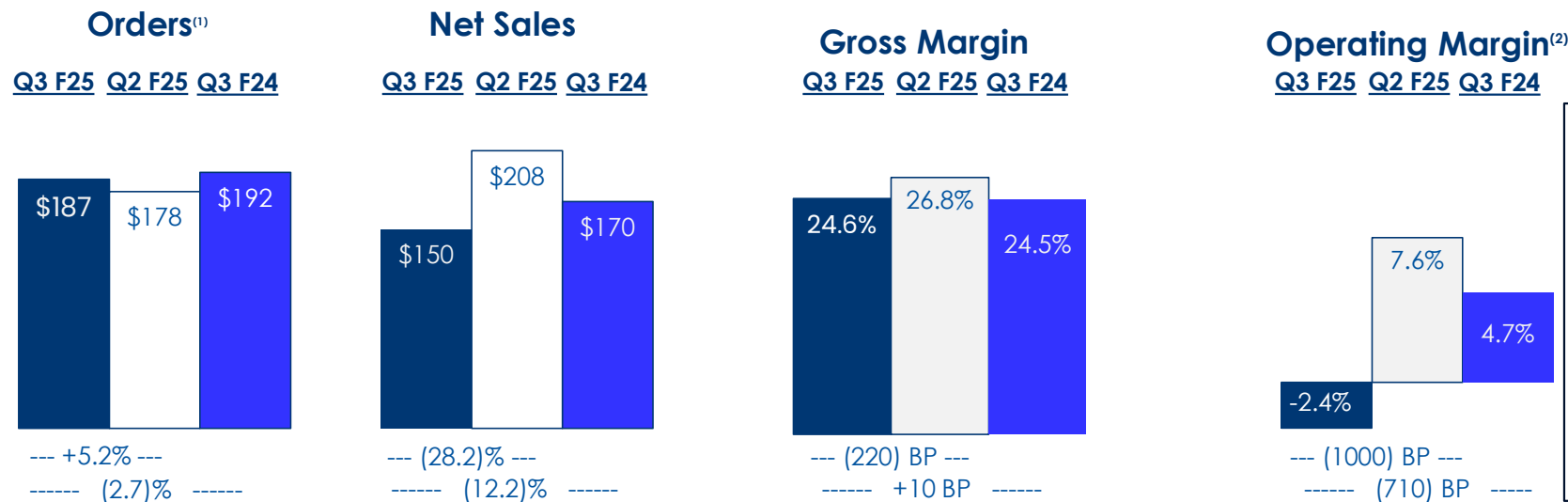
- Orders -2% YoY / -4% QoQ
- Seasonal softness
- Higher-margin products orders success
- Conversion to LED video durable market trend

## Control Capabilities

- Multi-Year Platform strategy advancement progressing – new control capabilities / 3D visualization / real-time rendering launching for fall '25 sports seasons
- Testing and marketing planning

# FQ3 FY2025 FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)



FQ3 2025 operating expenses include \$4.8 million in costs associated with strategic transformation and corporate governance advisory costs. Excluding these, adjusted operating margin was 1.0%.

(\$ in thousands, except per share data)

	Q32025	Q32024	Change
Cash, net of debt	\$ 90,942	\$ 27,823	226.9%
Working capital	\$ 231,976	\$ 205,269	13.0%
Operating cashflow	\$ 12,019	\$ 9,479	26.8%

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

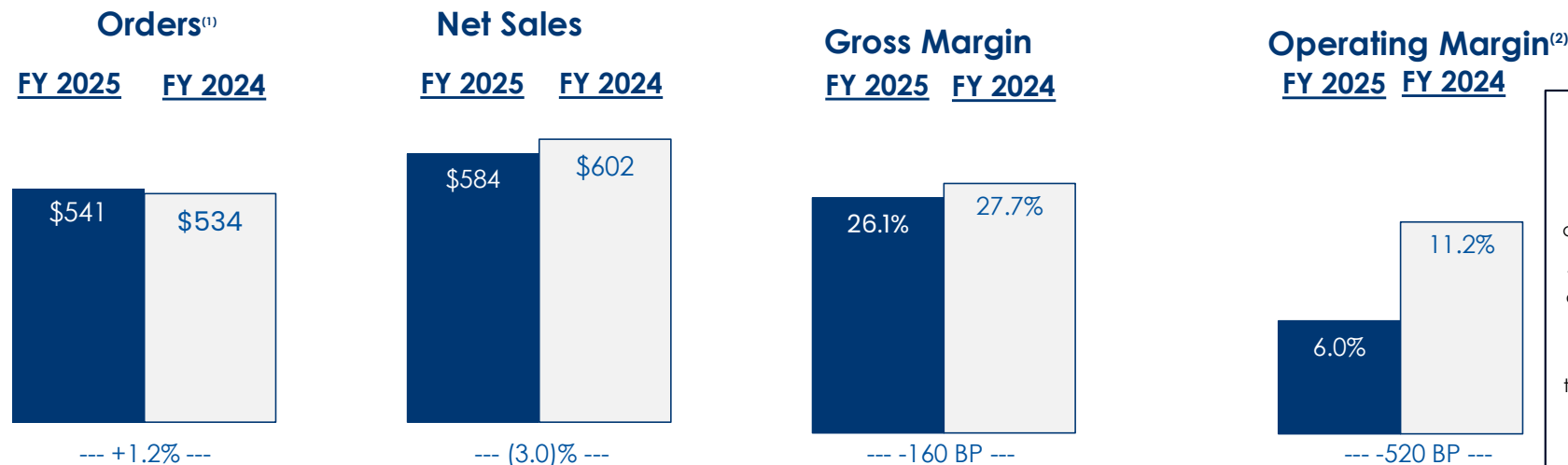
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(2) Adjusted net income. We disclose adjusted net income as a non-GAAP financial measurement in order to report our results exclusive of items that are non-recurring or not core to our operating business. We believe presenting this non-GAAP financial measurements provides investors with a consistent way to analyze our performance. Adjusted net income was \$16.6 million for FQ1 FY2025



# YTD FY2025 FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)



YTD 2025 operating expenses include \$9.0 million in costs associated with strategic transformation and corporate governance advisory costs. Excluding these, adjusted operating margin was 7.7%.

(\$ in thousands, except per share data)

	Q32025	Q32024	Change
Cash, net of debt	\$ 90,942	\$ 27,823	226.9%
Working capital	\$ 231,976	\$ 205,269	13.0%
Operating cashflow	\$ 74,839	\$ 53,789	39.1%

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

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# Business Transformation Update

## Driving Profitable Growth

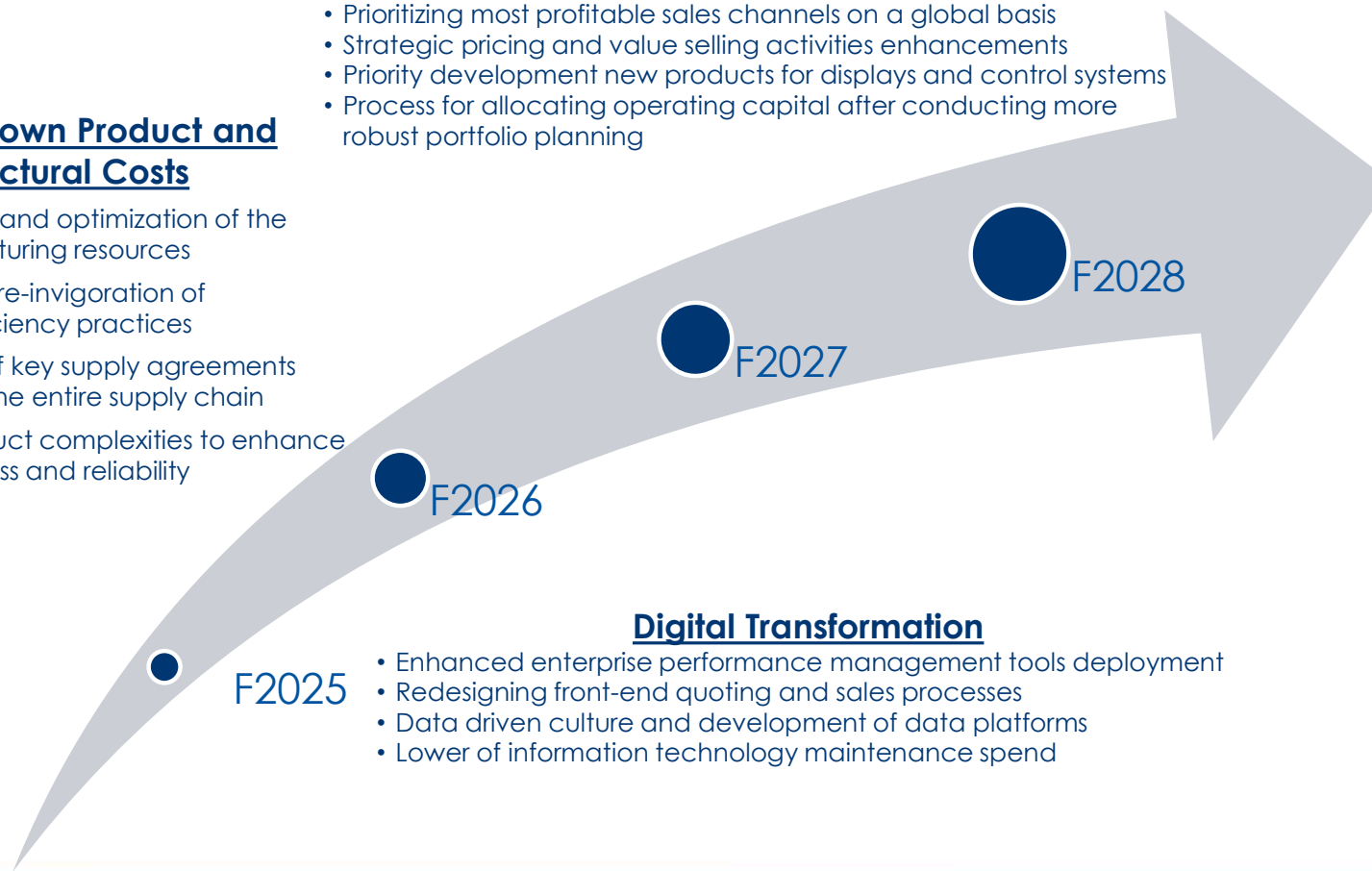
### Driving Down Product and Structural Costs

- Agile alignment and optimization of the global manufacturing resources
- Company wide re-invigoration of operational efficiency practices
- Renegotiation of key supply agreements and scrubbing the entire supply chain
- Simplifying product complexities to enhance cost-effectiveness and reliability

- Prioritizing most profitable sales channels on a global basis
- Strategic pricing and value selling activities enhancements
- Priority development new products for displays and control systems
- Process for allocating operating capital after conducting more robust portfolio planning

### Digital Transformation

- Enhanced enterprise performance management tools deployment
- Redesigning front-end quoting and sales processes
- Data driven culture and development of data platforms
- Lower of information technology maintenance spend

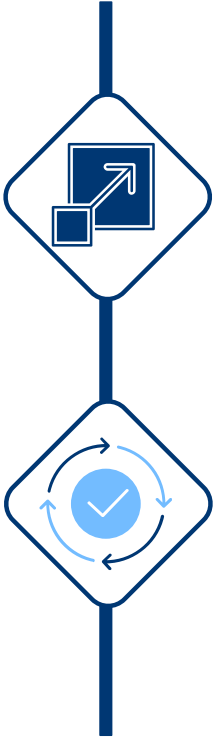


**Targets:**  
Revenue growth above addressable market growth, 17-20% Return on Invested Capital, and 10-12% operating margins by Fiscal 2028

**Timing:**  
Preponderance of benefits expected in 2HFY2026 and FY2027



# Transformation Update - Momentum from Launched Initiatives, Next 6 months focus



## Driving profitable growth

- Value-based pricing changes – service parts and certain products
- Launch of SaaS product trials to target customers
- Prioritizing high-growth international geographies and segments

## Driving down costs

- Operational efficiency reviews & implementation of changes across all manufacturing sites (kicked off with HSPR cost-reduction initiatives)
- Align operations with anticipated evolution in underlying technologies, leveraging outsourcing
- Simplifying product complexity to ensure reliability and cost-advantage
- Aggressively renegotiating key supply contracts

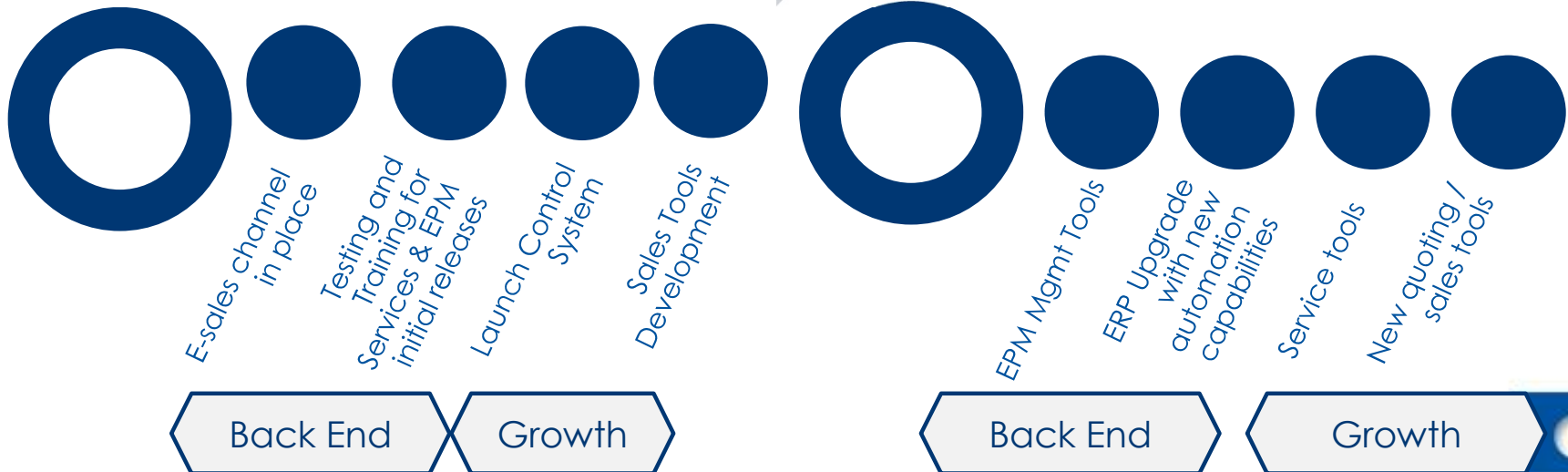
# Digital Transformation Update

## Significant progress along our digital roadmap

- Supporting aggressive growth, data-driving planning, and operational efficiencies
- Lower maintenance IT system spend and upgrade key tools
- Enterprise performant management tool platform releases
- Redesign front-end quoting, sales processes

F2025

F2026



# Summary

- Performance continues to serve as evidence that we are on sustainable trajectory of growth and increasing profitably
- Transformation commitment toward revenue growth faster than addressable market, 10-12% operating margin and 17-20% returns on capital by FY 2028
- 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



Crypto.com Arena– Los Angeles



University of Connecticut,  
East Hartford, CT

# APPENDIX



# NET SALES AND ORDERS BY BUSINESS UNIT

(\$ in thousands)

<i>(in thousands)</i>	Three Months Ended				Nine Months Ended			
	January 25, 2025	January 27, 2024	Dollar Change	Percent Change	January 25, 2025	January 27, 2024	Dollar Change	Percent Change
<b>Net Sales:</b>								
Commercial	\$ 37,976	\$ 33,292	\$ 4,684	14.1 %	\$ 115,614	\$ 122,628	\$ (7,014)	(5.7)%
Live Events	46,072	73,393	(27,321)	(37.2)	231,887	233,602	(1,715)	(0.7)
High School Park and Recreation	29,367	28,764	603	2.1	125,444	133,940	(8,496)	(6.3)
Transportation	18,789	19,605	(816)	(4.2)	62,757	61,217	1,540	2.5
International	17,303	15,249	2,054	13.5	48,224	50,816	(2,592)	(5.1)
	<u>\$ 149,507</u>	<u>\$ 170,303</u>	<u>\$ (20,796)</u>	<u>(12.2)%</u>	<u>\$ 583,926</u>	<u>\$ 602,203</u>	<u>\$ (18,277)</u>	<u>(3.0)%</u>
<b>Orders:</b>								
Commercial	\$ 40,983	\$ 34,524	\$ 6,459	18.7 %	\$ 127,653	\$ 101,167	\$ 26,486	26.2 %
Live Events	78,132	95,217	(17,085)	(17.9)	199,555	226,436	(26,881)	(11.9)
High School Park and Recreation	34,549	35,385	(836)	(2.4)	116,834	103,924	12,910	12.4
Transportation	13,838	18,924	(5,086)	(26.9)	48,819	59,409	(10,590)	(17.8)
International	19,402	8,013	11,389	142.1	47,803	43,450	4,353	10.0
	<u>\$ 186,904</u>	<u>\$ 192,063</u>	<u>\$ (5,159)</u>	<u>(2.7)%</u>	<u>\$ 540,664</u>	<u>\$ 534,386</u>	<u>\$ 6,278</u>	<u>1.2 %</u>

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# RECONCILIATION OF FREE CASH FLOW <sup>(1)</sup>

(\$ in thousands, unaudited)

	Nine Months Ended	
	January 25, 2025	January 27, 2024
Net cash provided by operating activities	\$ 74,839	\$ 53,789
Purchases of property and equipment	(14,668)	(13,628)
Proceeds from sales of property and equipment	212	107
Free cash flow	<u>\$ 60,383</u>	<u>\$ 40,268</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 OPERATING INCOME <sup>(1)</sup>

(\$ in thousands, unaudited)

	Three Months Ended		Nine Months Ended	
	January 25, 2025	January 27, 2024	January 25, 2025	January 27, 2024
Operating (loss) income (GAAP Measure)	\$ (3,628)	\$ 8,036	\$ 34,858	\$ 67,688
Consultant related expenses associated with business transformation initiatives	2,130	—	6,054	—
Corporate governance expenses	2,711	—	2,944	—
Adjusted operating income (non-GAAP measure)	\$ 1,213	\$ 8,036	\$ 43,856	\$ 67,688

(1) 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 consulting related expenses related to our business transformation initiatives and corporate governance expenses related to legal and advisory costs of reincorporation and shareholder relations. 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.

# RECONCILIATION OF ADJUSTED NET INCOME<sup>(1)</sup>

(\$ in thousands, unaudited)

	Three Months Ended		Nine Months Ended	
	January 25, 2025	January 27, 2024	January 25, 2025	January 27, 2024
Net (loss) income	\$ (17,156)	\$ 10,742	\$ (696)	\$ 32,103
Consultant related expenses associated with business transformation initiatives, net of taxes	1,576	—	4,480	—
Corporate governance expenses, net of taxes	2,006	—	2,179	—
Change in fair value of convertible note	14,083	(6,340)	25,369	11,570
Debt issuance costs expensed due to fair value of convertible note, net of taxes	—	—	—	2,297
Adjusted net income	\$ 509	\$ 4,402	\$ 31,332	\$ 45,970

(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, unique, 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)

	January 25, 2025	April 27, 2024
Mortgage	\$ 12,750	\$ 13,875
Convertible note	11,128	25,000
Long-term debt, gross	23,878	38,875
Debt issuance costs, net	(481)	(761)
Change in fair value of convertible note	19,122	16,550
Current portion	(1,500)	(1,500)
Long-term debt, net	\$ 41,019	\$ 53,164



