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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 12, 2023**

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**Daktronics, Inc.**  
(Exact Name of Registrant as Specified in Charter)

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**South Dakota**  
(State or Other Jurisdiction of  
Incorporation)

**0-23246**  
(Commission  
File Number)

**46-0306862**  
(I.R.S. Employer  
Identification No.)

**201 Daktronics Drive**  
**Brookings, SD 57006**  
(Address of Principal Executive Offices, and Zip Code)

**(605) 692-0200**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class             | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------------------|-------------------|---|
| Common Stock, No Par Value      | DAKT              | Nasdaq Global Select Market               |
| Preferred Stock Purchase Rights | DAKT              | Nasdaq Global Select Market               |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **Section 2 - Financial Information**

Item 2.02 Results of Operations and Financial Condition.

On July 12, 2023 Daktronics Inc. (the "Registrant") issued a press release announcing its financial results for the three and twelve months ended April 29, 2023 of fiscal 2023. A copy of the press release is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

The information furnished in this report, including the exhibit shall not be incorporated by reference into Daktronics' filings with the Securities and Exchange Commission under the Securities Act of 1933 and shall not be deemed "filed" with the SEC for purposes of Section 18 of the Securities Act of 1934.

## **Section 9 – Financial Statements and Exhibits**

Item 9.01 Financial Statements and Exhibits:

(d) Exhibits. The following exhibit is furnished as part of this Report:

[99.1 Press Release dated July 12, 2023 issued by Registrant regarding fourth quarter fiscal 2023 results.](#)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

**DAKTRONICS, INC.**

By: /s/ Sheila M. Anderson

Sheila M. Anderson, Chief Financial Officer

Date: July 12, 2023

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## EXHIBIT INDEX

| Exhibit No.          | Description  |
|----------------------|--|
| <a href="#">99.1</a> | <a href="#">Press Release dated July 12, 2023 issued by Registrant regarding fourth quarter fiscal 2023 results.</a> |
| 104                  | Cover page Interactive Data File (embedded within the Inline XBRL document)  |



## Daktronics, Inc. Announces Fiscal Year and Fourth Quarter 2023 Results

Brookings, S.D., July 12, 2023 (GLOBE NEWSWIRE) -- Daktronics, Inc. (NASDAQ - DAKT) today reported fiscal year and fourth quarter 2023 results.

Fiscal 2023 financial highlights:

- Record sales of \$754.2 million for the 2023 fiscal year and \$209.9 million for the fourth quarter, up 23.4 percent and 29.4 percent compared to the 2022 fiscal year and fourth quarter, respectively
- Gross profit levels improved to 20.1 percent of sales for fiscal year 2023 as compared to 19.1 percent of sales for fiscal 2022 and improved to 24.8 percent from 18.5 percent for the fourth quarters of fiscal 2023 and fiscal 2022, respectively
- Supply chain stabilization and temporary investments in inventory and capacity contributed to more effective and efficient production and order fulfillment starting late in the 2023 second quarter through the end of the fiscal year
- Increased net sales coupled with strategic pricing adjustments and prudent expense management resulted in operating income of \$21.4 million for the 2023 fiscal year and \$18.3 million for the fourth quarter
- Adjusted operating income<sup>(1)</sup> was \$26.0 million for the 2023 fiscal year an increase from \$4.0 million for the 2022 fiscal year
- The events and conditions that gave rise to substantial doubt about our ability to continue as a going concern were resolved
- Fiscal 2024 starting with product order backlog at \$401 million<sup>(2)</sup>

### Reflection on FY2023

Reece Kurtenbach, chairman, president and chief executive officer, stated, "Thanks to all of our stakeholders, especially customers, employees and suppliers, Daktronics has emerged from the challenges of the last three years strategically renewed, operationally focused, and financially sound. Our teams came together to take decisive and deliberate actions to improve our customers' experience while increasing our profitability and working capital levels through the past's dynamic and challenging operating environment. Fiscal 2023 was an incredibly positive transition year and our successful navigation on multiple fronts positions us for long-term success. Fiscal 2023 performance is a testimony to the resiliency and strength of our diversified markets, teams, and innovation."

### Outlook for FY2024 and Beyond

Our priorities for fiscal 2024 include:

- Growing the business profitably while generating cash through working capital management, strategic pricing adjustments, product mix changes, and careful expense management
- Improving operational efficiency to lower costs, reduce lead times, and improve the customer experience
- Developing additional markets for new customer types and channels and growing in traditional markets
- Developing more robust integrated business planning systems to improve data available for decision making
- Investing in high-return projects and technologies, including digital technologies for both internal and customer facing uses

Kurtenbach added, "As we look ahead, we expect growth in the global use of audio-visual communication systems in both traditional and in new applications. We are poised to capture this market growth and maintain or grow our leading market position by offering best in class technologies and services to both our traditional customers as well as new and adjacent markets. We continue to closely monitor the ever-evolving geopolitical and global economic environment to ensure we are able to quickly adjust our resources and market approaches to maintain profitability throughout various cycles. We believe this will set the stage for a strong fiscal 2024 and look forward to continued growth of sales and expansion of operating income."

(1) Adjusted operating income is not a measure defined by accounting principles generally accepted in the United States of America ("GAAP")GAAP, and our methodology for determining adjusted operating income may vary from the methodology used by other companies in determining measures for operating performance. See the reconciliation table for more details.

(2) Orders and backlog are not measures defined by 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 30 2022.

### **Fourth Quarter and Year to Date Results**

Orders for the fourth quarter of fiscal 2023 decreased 37.2 percent as compared to the fourth quarter of fiscal 2022 primarily due to the record number of multimillion-dollar orders in the fourth quarter of fiscal 2022 driven by pent-up demand after COVID. In addition, during fiscal 2022 fourth quarter, customers placed orders earlier than historical patterns to secure our manufacturing capacity for their future deliveries. As a result of improved supply chain conditions, this pattern did not repeat during the fourth quarter of fiscal 2023. Orders for the full fiscal 2023 year decreased 19.5 percent as compared to fiscal 2022 for the same reasons. The unusual demand level in fiscal 2022 was not expected to be repeated in fiscal 2023.

Net sales for the fourth quarter of fiscal 2023 increased by 29.4 percent as compared to the fourth quarter of fiscal 2022. Net sales for fiscal 2023 increased 23.4 percent as compared to fiscal 2022. Sales growth was driven by the conversion of our strong backlog, improved stabilization of supply chains, and increased manufacturing capacity.

Gross profit as a percentage of net sales increased to 24.8 percent for the fourth quarter of fiscal 2023 as compared to 18.5 percent in the fourth quarter of fiscal 2022. Gross profit as a percentage of net sales increased to 20.1 percent for fiscal 2023 as compared to 19.1 percent in the prior year. The increase in gross profit percentage for both comparative periods was primarily due to strategic pricing actions implemented in late fiscal year 2022 and the beginning of fiscal year 2023, along with increased productivity starting late in the second quarter of fiscal 2023 due to fewer supply chain and operational disruptions and investments in capacity. These improvements were partially offset by higher material, component, freight and labor costs through fiscal 2023. Other factors impacting gross profit in fiscal 2022 included ongoing supply chain disruptions and inflationary challenges in materials, freight and personnel related costs, the difference in sales mix between periods, and increases in warranty reserves for inflation.

Operating expenses for the fourth quarter of fiscal 2023 were \$33.9 million compared to \$30.3 million for the fourth quarter of fiscal 2022, an increase of 12.0 percent. Operating expenses were \$130.0 million for the full fiscal 2023 year as compared to \$112.7 million for the full fiscal 2022 year, an increase of 15.4 percent. Operating expenses for the year increased for compensation and staffing, marketing expenses, other expense growth, and approximately \$4.5 million of one-time professional fees related to the going concern and other consulting activities.

The above changes resulted in an operating margin of 8.7 percent for the fourth quarter of fiscal 2023, compared to breakeven for the fourth quarter of fiscal 2022 and operating income as a percentage of sales of 2.8 percent for fiscal 2023 as compared to 0.7 percent for fiscal 2022.

Other non-cash expenses incurred during the 2023 fiscal fourth quarter and year were related to a \$4.5 million impairment charge for an investment in an affiliate relating to changes in the forecasted timing of cash flow generation.

The \$8.2 million tax benefit for the fourth quarter of fiscal 2023 was primarily a result of the reversal of a \$13.0 million valuation allowance as a result of the removal of the going concern assessment. The effective tax rate for fiscal 2023 was 48.7 percent. The effective income tax rate for fiscal 2023 was impacted due to valuation allowances on equity investments and on foreign net operating losses in Ireland, goodwill impairment, state taxes, and a mix of taxes in foreign countries where the tax rate is higher than in the U.S. as well as prior year provision to return adjustments reduced in part by tax benefits from permanent tax credits. The effective tax rate for fiscal 2022 was 46.6 percent resulting from the tax benefit of permanent tax credits reduced by valuation allowances, various permanent tax adjustments and state taxes and prior year provision to return adjustments.

### **Balance Sheet and Cash Flow**

During the fourth quarter and year of fiscal 2023, we generated \$24.5 million and \$15.0 million from operations, respectively. Inventory dropped from the peak levels at the end of the third quarter of fiscal 2023 and are expected to approach more normalized levels as supply chain disruptions continue to ease and order backlog is fulfilled. Cash, restricted cash and marketable securities totaled \$25.2 million as of April 29, 2023, and \$17.8 million was borrowed on our previous bank credit line for cash and letters of credit. At the end of the 2023 fiscal year, our working capital ratio was 1.6 to 1. We used \$3.6 million and \$25.4 million for purchases of property and equipment to improve production capacity for the fourth quarter of fiscal 2023 and for the full fiscal 2023 year, respectively.

### **Webcast Information**

The company will host a conference call and webcast to discuss its financial results today at 3:00 pm (Central Time). This call will be broadcast live at <http://investor.daktronics.com> and be available for replay shortly after the event.

**About Daktronics**

Daktronics has strong leadership positions in, and is the world's largest supplier of, large-screen video displays, electronic scoreboards, LED text and graphics displays, and related control systems. The company excels in the control of display systems, including those that require integration of multiple complex displays showing real-time information, graphics, animation, and video. Daktronics designs, manufactures, markets and services display systems for customers around the world in four domestic business units: Live Events, Commercial, High School Park and Recreation, and Transportation, and one International business unit. For more information, visit the company's website at: [www.daktronics.com](http://www.daktronics.com), email the company at [investor@daktronics.com](mailto:investor@daktronics.com), call (605) 692-0200 or toll-free (800) 843-5843 in the United States, or write to the company at 201 Daktronics Dr., P.O. Box 5128, Brookings, S.D. 57006-5128.

**Safe Harbor Statement**

Cautionary Notice: In addition to statements of historical fact, this news release 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 2022 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.

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**For more information contact:****INVESTOR RELATIONS:**

Sheila M. Anderson, Chief Financial Officer

Tel (605) 692-0200

[Investor@daktronics.com](mailto:Investor@daktronics.com)

# Daktronics, Inc. and Subsidiaries

## Consolidated Statements of Operations

(in thousands, except per share amounts)  
(unaudited)

|  | Three Months Ended |                   | Year Ended      |                |
|--|--------------------|-------------------|-----------------|----------------|
|  | April 29, 2023     | April 30, 2022    | April 29, 2023  | April 30, 2022 |
| Net sales                                | \$ 209,862         | \$ 162,203        | \$ 754,196      | \$ 610,970     |
| Cost of sales                            | 157,718            | 132,266           | 602,841         | 494,273        |
| <b>Gross profit</b>                      | <b>52,144</b>      | <b>29,937</b>     | <b>151,355</b>  | <b>116,697</b> |
| Operating expenses:                      |                    |                   |                 |                |
| Selling                                  | 14,789             | 14,063            | 56,655          | 51,075         |
| General and administrative               | 10,758             | 8,463             | 38,747          | 32,563         |
| Product design and development           | 8,334              | 7,730             | 29,989          | 29,013         |
| Goodwill impairment                      | —                  | —                 | 4,576           | —              |
|  | <u>33,881</u>      | <u>30,256</u>     | <u>129,967</u>  | <u>112,651</u> |
| <b>Operating Income (loss)</b>           | <b>18,263</b>      | <b>(319)</b>      | <b>21,388</b>   | <b>4,046</b>   |
| Nonoperating (expense) income:           |                    |                   |                 |                |
| Interest income (expense), net           | (199)              | 37                | (920)           | 171            |
| Other expense, net                       | (4,876)            | (496)             | (7,211)         | (3,109)        |
|  | <u>13,188</u>      | <u>(778)</u>      | <u>13,257</u>   | <u>1,108</u>   |
| <b>(Loss) income before income taxes</b> | <b>13,188</b>      | <b>(778)</b>      | <b>13,257</b>   | <b>1,108</b>   |
| Income tax (benefit) expense             | (8,211)            | 339               | 6,455           | 516            |
| <b>Net (loss) income</b>                 | <b>\$ 21,399</b>   | <b>\$ (1,117)</b> | <b>\$ 6,802</b> | <b>\$ 592</b>  |
| Weighted average shares outstanding:     |                    |                   |                 |                |
| Basic                                    | 45,659             | 44,963            | 45,404          | 45,188         |
| Diluted                                  | 45,910             | 44,963            | 45,521          | 45,326         |
| (Loss) earnings per share:               |                    |                   |                 |                |
| Basic                                    | \$ 0.47            | \$ (0.02)         | \$ 0.15         | \$ 0.01        |
| Diluted                                  | \$ 0.47            | \$ (0.02)         | \$ 0.15         | \$ 0.01        |

# Daktronics, Inc. and Subsidiaries

## Consolidated Balance Sheets

(in thousands)

|  | April 29, 2023    | April 30, 2022    |
|--|-------------------|-------------------|
|  | (unaudited)       |                   |
| <b>ASSETS</b>                                  |                   |                   |
| <b>CURRENT ASSETS:</b>                         |                   |                   |
| Cash and cash equivalents                      | \$ 23,982         | \$ 17,143         |
| Restricted cash                                | 708               | 865               |
| Marketable securities                          | 534               | 4,020             |
| Accounts receivable, net                       | 109,979           | 101,099           |
| Inventories                                    | 149,448           | 134,392           |
| Contract assets                                | 46,789            | 41,687            |
| Current maturities of long-term receivables    | 1,215             | 2,798             |
| Prepaid expenses and other current assets      | 9,676             | 14,963            |
| Income tax receivables                         | 326               | 603               |
| Total current assets                           | 342,657           | 317,570           |
| Property and equipment, net                    | 72,147            | 66,765            |
| Long-term receivables, less current maturities | 264               | 1,490             |
| Goodwill                                       | 3,239             | 7,927             |
| Intangibles, net                               | 1,136             | 1,472             |
| Debt issuance costs                            | 3,866             | —                 |
| Investment in affiliates and other assets      | 27,928            | 32,321            |
| Deferred income taxes                          | 16,867            | 13,331            |
| <b>TOTAL ASSETS</b>                            | <b>\$ 468,104</b> | <b>\$ 440,876</b> |

**Daktronics, Inc. and Subsidiaries**  
**Consolidated Balance Sheets** (continued)  
(in thousands)

|   | <b>April 29, 2023</b> | <b>April 30, 2022</b> |
|---|-----------------------|-----------------------|
|   | <b>(unaudited)</b>    |                       |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                       |                       |
| <b>CURRENT LIABILITIES:</b>                       |                       |                       |
| Accounts payable                                  | \$ 67,522             | \$ 76,313             |
| Contract liabilities                              | 91,549                | 90,393                |
| Accrued expenses                                  | 36,005                | 34,959                |
| Warranty obligations                              | 12,228                | 11,621                |
| Income taxes payable                              | 2,859                 | 408                   |
| Total current liabilities                         | 210,163               | 213,694               |
| Long-term warranty obligations                    | 20,313                | 17,257                |
| Long-term contract liabilities                    | 13,096                | 10,998                |
| Other long-term obligations                       | 5,709                 | 7,076                 |
| Line of credit                                    | 17,750                | —                     |
| Deferred income taxes                             | 195                   | 287                   |
| Total long-term liabilities                       | 57,063                | 35,618                |
| <b>SHAREHOLDERS' EQUITY:</b>                      |                       |                       |
| Common stock                                      | 63,023                | 61,794                |
| Additional paid-in capital                        | 50,259                | 48,372                |
| Retained earnings                                 | 103,410               | 96,608                |
| Treasury stock, at cost                           | (10,285)              | (10,285)              |
| Accumulated other comprehensive loss              | (5,529)               | (4,925)               |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <b>200,878</b>        | <b>191,564</b>        |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>\$ 468,104</b>     | <b>\$ 440,876</b>     |

# Daktronics, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

(in thousands)  
(unaudited)

|  | Year Ended      |                 |
|--|-----------------|-----------------|
|  | April 29, 2023  | April 30, 2022  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                 |                 |
| Net income   | \$ 6,802        | \$ 592          |
| Adjustments to reconcile net income to net cash provided (used) by operating activities: |                 |                 |
| Depreciation and amortization  | 16,993          | 15,394          |
| Gain on sale of property, equipment and other assets                                     | (691)           | (743)           |
| Share-based compensation   | 2,027           | 1,973           |
| Equity in loss of affiliates   | 3,332           | 2,970           |
| Provision (recovery) for credit losses accounts, net                                     | 1,009           | (286)           |
| Deferred income taxes, net   | (3,633)         | (1,555)         |
| Non-cash impairment changes  | 9,049           | —               |
| Change in operating assets and liabilities   | (19,864)        | (45,380)        |
| <b>Net cash provided by (used in) operating activities</b>                               | <b>15,024</b>   | <b>(27,035)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                 |                 |
| Purchases of property and equipment  | (25,385)        | (20,376)        |
| Proceeds from sales of property, equipment and other assets                              | 822             | 885             |
| Purchases of marketable securities   | —               | (4,045)         |
| Proceeds from sales or maturities of marketable securities                               | 3,490           | —               |
| Purchases of equity and loans to equity investees  | (4,315)         | (7,848)         |
| <b>Net cash used in investing activities</b>   | <b>(25,388)</b> | <b>(31,384)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                 |                 |
| Borrowings on notes payable  | 378,694         | 46,801          |
| Payments on notes payable  | (360,944)       | (46,801)        |
| Debt issuance costs  | (991)           | —               |
| Borrowings on long-term obligations  | 1,233           | —               |
| Principal payments on long-term obligations  | (305)           | (200)           |
| Payments for common shares repurchased   | —               | (3,184)         |
| Proceeds from exercise of stock options  | 21              | 8               |
| Tax payments related to RSU issuances  | (140)           | (200)           |
| <b>Net cash provided by (used in) financing activities</b>                               | <b>17,568</b>   | <b>(3,576)</b>  |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH  | (522)           | (399)           |
| <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>             | <b>6,682</b>    | <b>(62,394)</b> |
| <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH:</b>                                       |                 |                 |
| Beginning of period  | 18,008          | 80,402          |
| End of period  | \$ 24,690       | \$ 18,008       |

# Daktronics, Inc. and Subsidiaries

## Net Sales and Orders by Business Unit

(in thousands)  
(unaudited)

|                                    | Three Months Ended |                   |                     |                   | Twelve Months Ended |                   |                     |                   |
|------------------------------------|--------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
|                                    | April 29,<br>2023  | April 30,<br>2022 | Dollar<br>Change    | Percent<br>Change | April 29,<br>2023   | April 30,<br>2022 | Dollar<br>Change    | Percent<br>Change |
| <b>Net Sales:</b>                  |                    |                   |                     |                   |                     |                   |                     |                   |
| Commercial                         | \$ 43,458          | \$ 46,872         | \$ (3,414)          | (7.3)%            | \$ 170,590          | \$ 154,211        | \$ 16,379           | 10.6 %            |
| Live Events                        | 91,530             | 48,266            | 43,264              | 89.6              | 284,900             | 199,106           | 85,794              | 43.1              |
| High School Park and<br>Recreation | 35,621             | 27,454            | 8,167               | 29.7              | 141,748             | 111,816           | 29,932              | 26.8              |
| Transportation                     | 18,509             | 20,273            | (1,764)             | (8.7)             | 72,306              | 62,707            | 9,599               | 15.3              |
| International                      | 20,744             | 19,338            | 1,406               | 7.3               | 84,652              | 83,130            | 1,522               | 1.8               |
|                                    | <u>\$ 209,862</u>  | <u>\$ 162,203</u> | <u>\$ 47,659</u>    | <u>29.4 %</u>     | <u>\$ 754,196</u>   | <u>\$ 610,970</u> | <u>\$ 143,226</u>   | <u>23.4 %</u>     |
| <b>Orders:</b>                     |                    |                   |                     |                   |                     |                   |                     |                   |
| Commercial                         | \$ 38,902          | \$ 49,218         | \$ (10,316)         | (21.0)%           | \$ 158,028          | \$ 192,917        | \$ (34,889)         | (18.1)%           |
| Live Events                        | 65,890             | 144,275           | (78,385)            | (54.3)            | 259,653             | 313,940           | (54,287)            | (17.3)            |
| High School Park and<br>Recreation | 47,345             | 49,059            | (1,714)             | (3.5)             | 144,919             | 156,305           | (11,386)            | (7.3)             |
| Transportation                     | 20,939             | 21,139            | (200)               | (0.9)             | 66,751              | 77,993            | (11,242)            | (14.4)            |
| International                      | 6,473              | 22,138            | (15,665)            | (70.8)            | 51,603              | 104,916           | (53,313)            | (50.8)            |
|                                    | <u>\$ 179,549</u>  | <u>\$ 285,829</u> | <u>\$ (106,280)</u> | <u>(37.2)%</u>    | <u>\$ 680,954</u>   | <u>\$ 846,071</u> | <u>\$ (165,117)</u> | <u>(19.5)%</u>    |

### Reconciliation of Free Cash Flow\*

(in thousands)  
(unaudited)

|   | Twelve Months Ended |                    |
|---|---------------------|--------------------|
|   | April 29,<br>2023   | April 30, 2022     |
| Net cash (used in) provided by operating activities | \$ 15,024           | \$ (27,035)        |
| Purchases of property and equipment                 | (25,385)            | (20,376)           |
| Proceeds from sales of property and equipment       | 822                 | 885                |
| Free cash flow                                      | <u>\$ (9,539)</u>   | <u>\$ (46,526)</u> |

\* 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.

**Reconciliation of Adjusted Operating Income (loss)\***

(in thousands)

(unaudited)

|   | Three Months Ended |                   | Twelve Months Ended |                   |
|---|--------------------|-------------------|---------------------|-------------------|
|   | April 29,<br>2023  | April 30,<br>2022 | April 29,<br>2023   | April 30,<br>2022 |
| Operating income (loss) (GAAP Measure)              | \$ 18,263          | \$ (319)          | \$ 21,388           | \$ 4,046          |
| Plus goodwill impairment                            | —                  | —                 | 4,576               | —                 |
| Adjusted operating income (loss) (non-GAAP measure) | \$ 18,263          | \$ (319)          | \$ 25,964           | \$ 4,046          |

\* 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.