



**THIRD QUARTER FISCAL 2023**  
**NASDAQ: DAKT**

# SAFE HARBOR STATEMENT

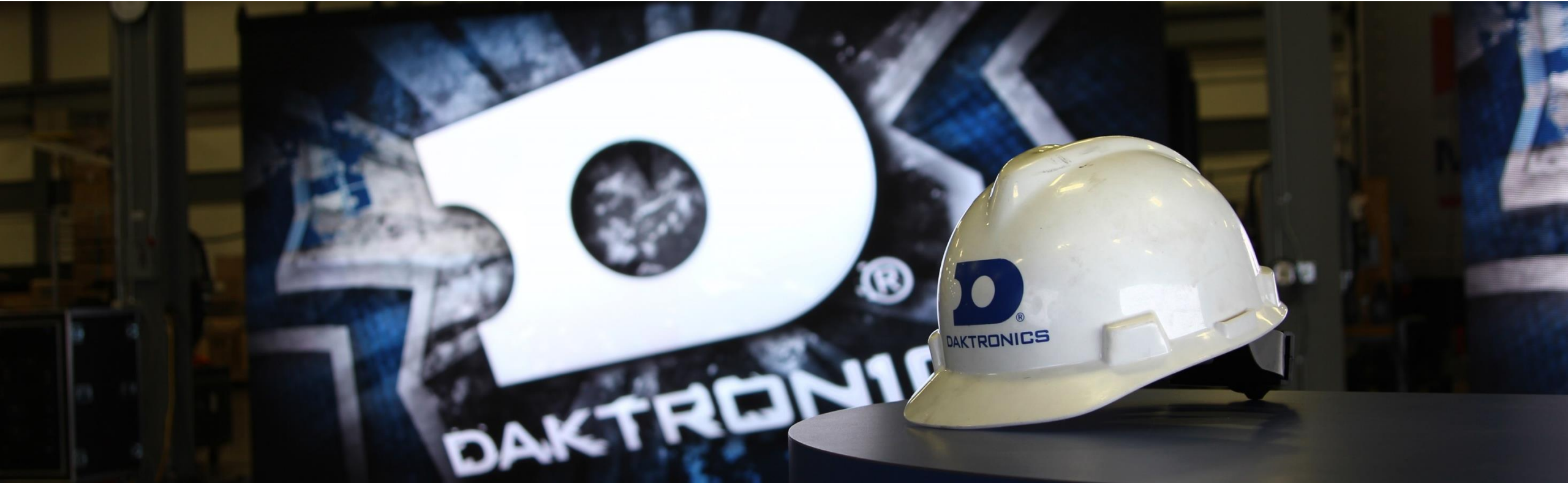
In addition to statements of historical fact, this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and is intended to enjoy the protection of that Act.

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, including those resulting from pandemics, disruptions to our business caused by geopolitical events, military actions, work stoppages, natural disasters, or international health emergencies, such as the COVID-19 pandemic, management of growth, timing and magnitude of future contracts, fluctuations of margins, availability of raw materials, components, and shipping services, the introduction of new products and technology, 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

# DAKTRONICS AT A GLANCE



Daktronics provides best-in-class LED video displays, message displays and scoreboards to inform and entertain audiences

## Company Highlights

- 1) **A global industry leader in audio-visual communication systems with underlying best-in-class LED display products**
- 2) **The only manufacturer of scale in the US with global manufacturing facilities to service markets by geographical region**
- 3) **Global sales team utilizes cross-organizational information to price efficiently while pursuing the highest probability sales**
- 4) **Attractive financial position across business lines with demonstrated strong revenue and gross margins**
- 5) **Large and growing end-markets**

## Diversified Business Units



### Live Events

- Video displays for large sports & live entertainment venues



### International

- Billboard, video, transportation displays for global live events, advertising & high-traffic locations



### Commercial

- Billboards & video displays for sales and advertising



### High School Park and Recreation

- Video and scoring systems for local community use



### Transportation

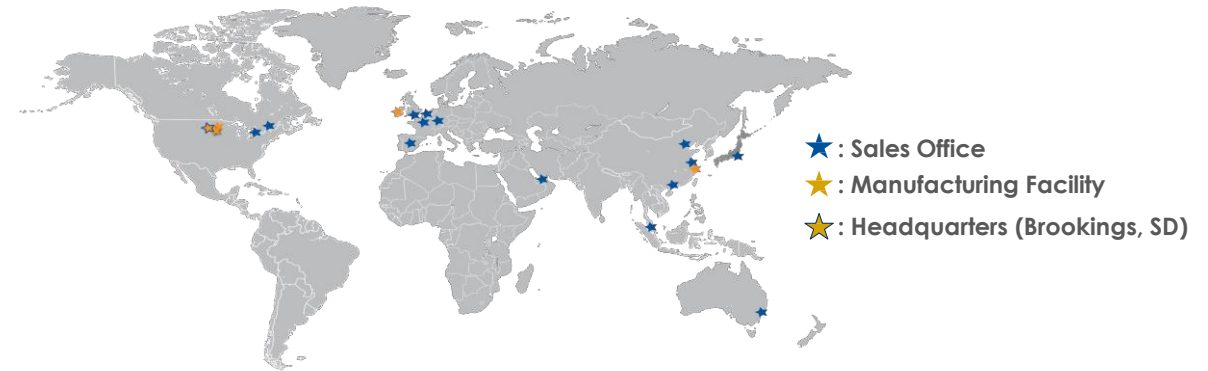
- Navigation signs for ITS systems on mass transit, roads & highways



### Control Capabilities

- Interconnected system to engage fans in live sports, shows & events

## Global Footprint



## Compelling FY2022 KPIs<sup>(1)</sup>

**~\$610 Million**

Sales

**~19%**

Gross Margin

**Largest**

Growing American brand by revenue for past 3-years<sup>(2)</sup>

**~\$17 Million**

EBITDA<sup>(3)(4)</sup>

**~3%**

EBITDA Margin<sup>(3)(4)</sup>

**8.9K**

Total customers<sup>(5)</sup>

**#1**

North American LED video display provider<sup>(2)</sup>

**120+**

Countries featuring Daktronics products

**3rd**

Largest CY 2021 Market Share worldwide<sup>(2)</sup>

1) From most recent Form 10-K filing, for fiscal year that ended April 30, 2022.

2) Futuresource Consulting Report "Global LED Display Market Report (2022)".

3) FY EBITDA does not include adjustment for stock-based compensation.

4) Non-GAAP measurement. See the appendix for a reconciliation to the most comparable GAAP measure.

5) From Company data.

## Manufacturer that Best Addresses Customer Needs

- **Key placement of manufacturing facilities in the US, Ireland and China** promote regional service & support for all orders & customers
- Maintains **quality control of all products** with in-house expertise, highly skilled labor, and state-of-the-art facilities
- **Continuous service and support post-sale** provides critical needs to customers and **results in continuous business** from top customers
- **Experienced executive team** and manufacturing process with an **established global presence** to **meet large product orders and** service more **complex projects**

## Leverages Global Relationships With Repeat Customers

- **Long-Term Customer Relationships:** Demonstrated success drives continued sales opportunities
- **Leverage:** Strategically expand offering to grow profitably in adjacent Customer Types, Venues, AV Systems, and Geographies
- **Demand Prioritization:** High priority market verticals based on profitability and growth opportunities
- **Unified Sales Coordinator Support:** Provides real time quotes, details, mechanical information, and order booking
- **Diversified Product Specialization:** Overlapping expertise across complex and consistent sales projects ensure customer satisfaction & delivery

## Daktronics Reliability Lab

- Daktronics **established its own extensive on-site Reliability Lab** that puts every component through **rigorous testing**
- The lab **supports Daktronics Design for Reliability** process which exceeds the **industry standard**
- **Long display lifetime** that produces **stand-out messages with high-contrast**, true-to-life images is crucial for creating an impression on customers



# DEPENDABLE LED MARKET OPPORTUNITY

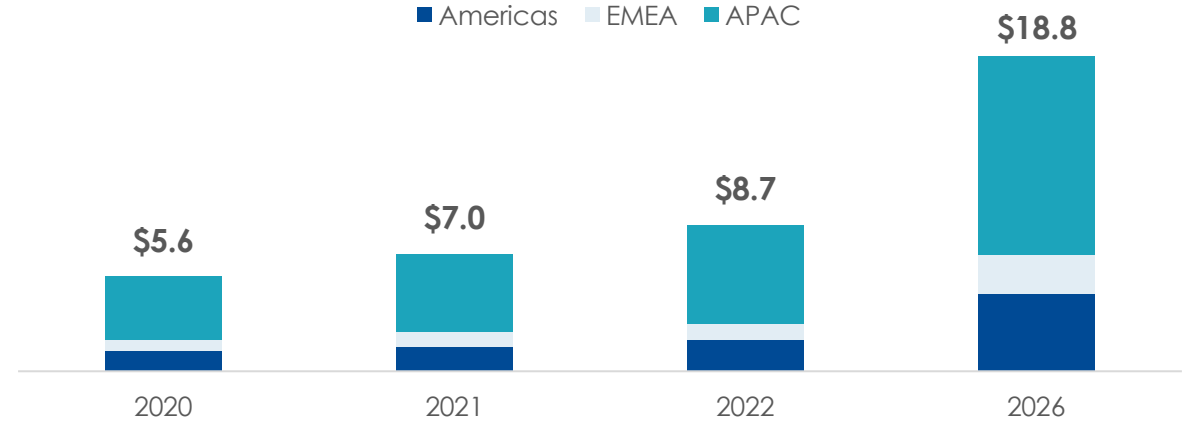


(\$US Billions)

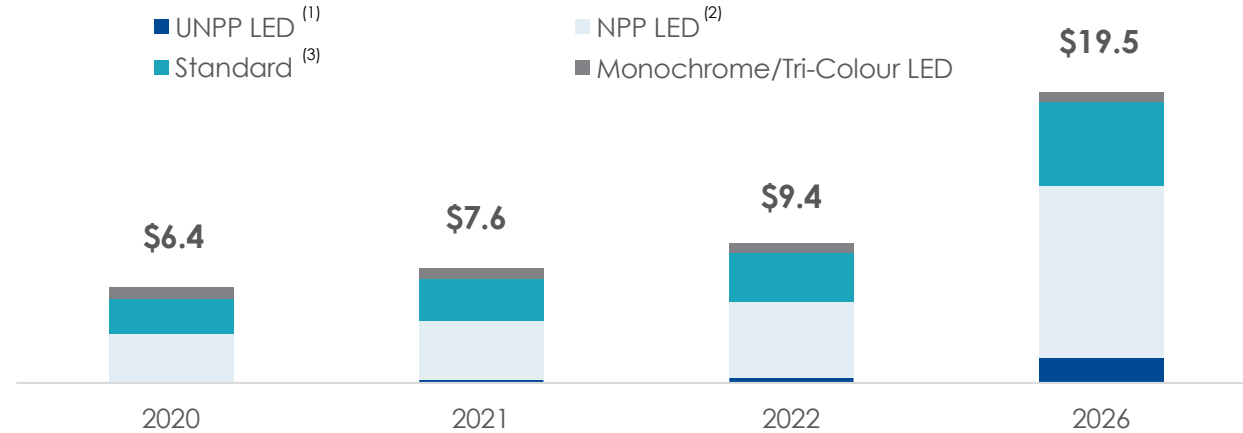
## Increased Global Demand Bolsters Pipeline & Stable Cash Flows

- **2022 annual LED market growth rebounded to 26.6%** after global lockdowns caused a 4.6% slowdown in FY 2021
  - **Growth expected to continue in the high-teens to low-20% through CY 2026**
- **Corporate & education, stadiums & venues and control room verticals comprise 58% of the 2021 LED video display market**
- **Projected LED market growth to be led by:**
  - **APAC: 21% CAGR with 35% originating outside of China** and the remaining regions expect ~20% growth by 2026
  - **Americas: 26% CAGR led by the US** which comprises over 70% of the regional market
- **Daktronics:** has a strong position in the Americas, the second largest market outside of China with **45% of total addressable market in North America as of 2021**

## Worldwide LED Video Display Sales by Region

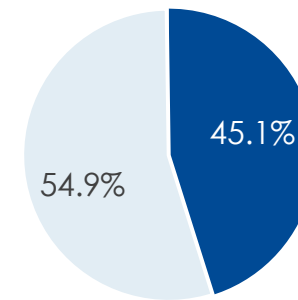


## Worldwide LED Display Market by Type

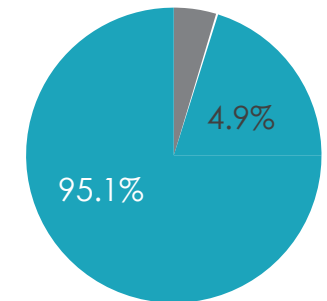


## Daktronics 2021 Total Addressable Market Presence

North America \$1.2bn Market <sup>(4)</sup>



\$1.7 bn International Market excluding China <sup>(5)</sup>



■ Daktronics North America Market Share  
 ■ Competitor North America Market Share

■ Daktronics International Market Share  
 ■ Competitor International Market Share

Source: Futuresource Consulting Report "Global LED Display Market Report (2022)".

1) Ultra Narrow Pixel Pitch (UNPP) defined as less than or equal to 0.9mm pixel pitch.

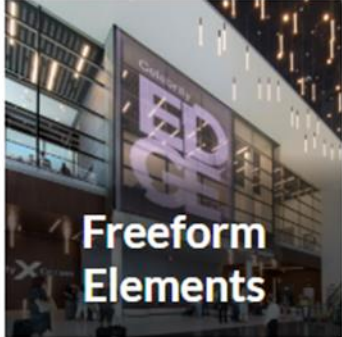
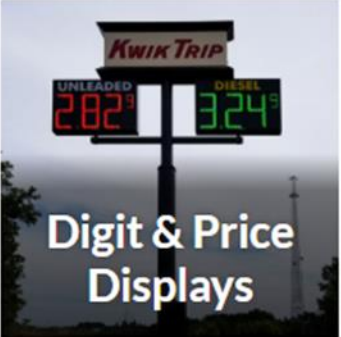
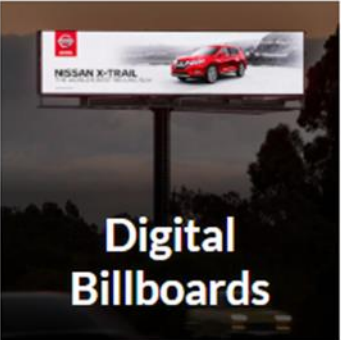
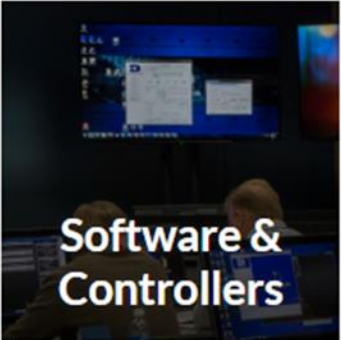
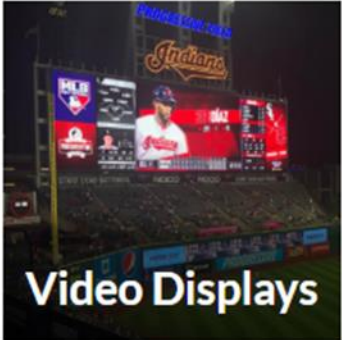
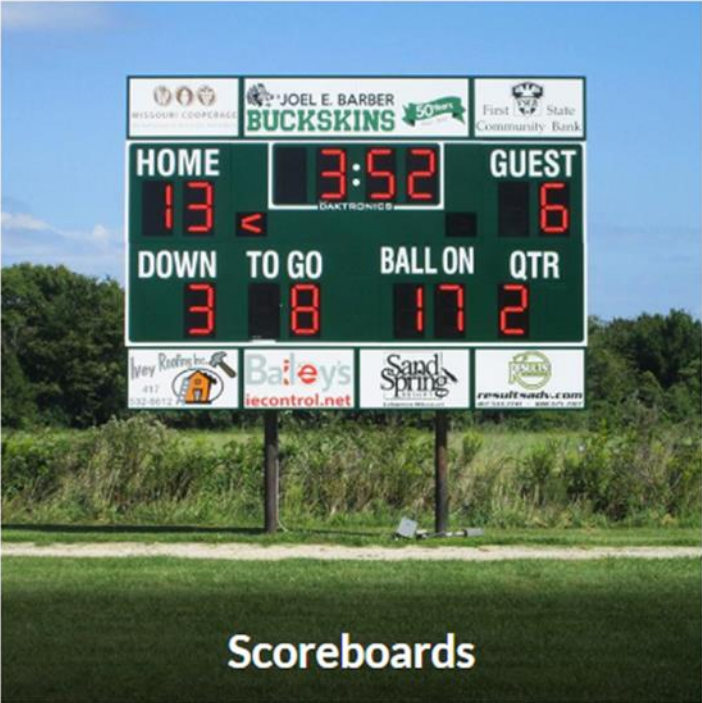
2) Narrow Pixel Pitch (NPP) defined as equal to or greater than 1.0mm and equal to or less than 2.5mm pixel pitch.

3) Standard defined as equal to or greater than 2.6mm pixel pitch.

4) FY2022 DAKT North America orders includes the Net Sales of Commercial, Live Events, HSPR and Transportation business segments in the US and Canada / North America total addressable market, as calculated in the Futuresource "Global LED Display Market Report (2022)".

5) FY2022 DAKT International business segment Net Sales / the sum of the international total addressable market excluding China and North America, as calculated in the Futuresource "Global LED Display Market Report (2022)".

# INDUSTRY LEADER



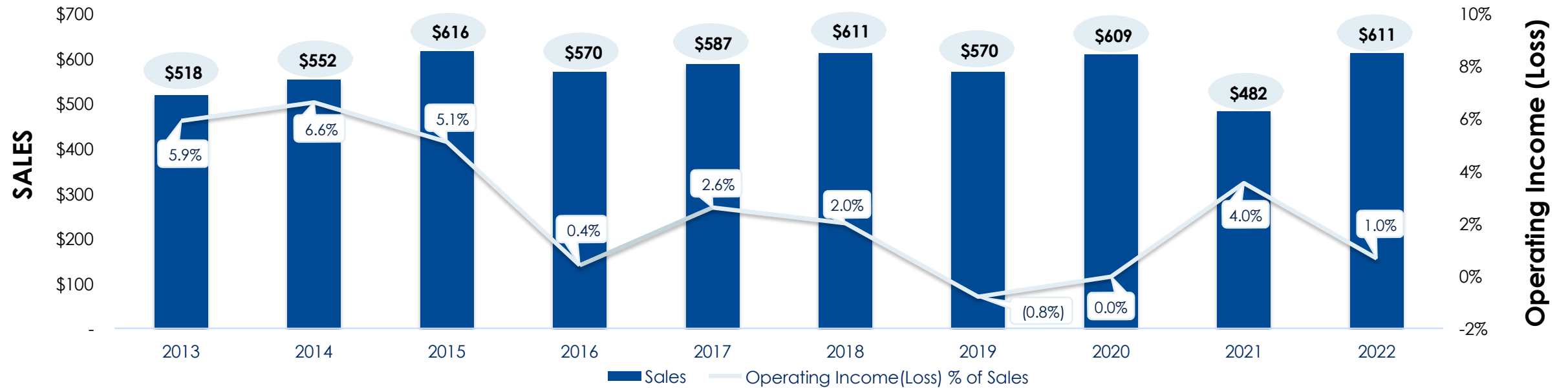


# 10 Year History: Fiscal Year Sales and Operating Income (%)<sup>(1)</sup>



DAKTRONI

in millions



1) Daktronics' operates on a 52- or 53-week fiscal year, with its fiscal year ending on the Saturday closest to April 30 of each year.

# NEAR-TERM STRATEGIES

Current Near-Term Strategies are Catalyzing Demand, Retention and Fulfillment

## Liquidity Enhancement Program

- Focusing on cash generation by unlocking ~\$429mm backlog<sup>(1)</sup>, which requires:
  - Manufacturing improvements to reduce personnel costs and catalyze overall productivity
  - Prudent management of operating expenses to drive margin expansion
- Normalizing inventory levels and reestablish a steady supply base
- Aggressively managing working capital accounts and maintaining organic price increases
- Concentrating capital investments and maximizing asset returns
- Exploring additional sources of outside liquidity

## Demand Prioritization

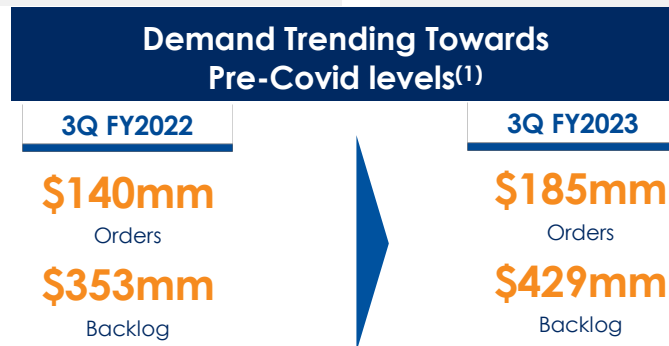
- Prioritizing market verticals that are:
  - Higher profitability, with opportunity to grow
  - Aligned with specialized capabilities / capacities
- Across the board price increases
  - Future increases planned to maintain and protect margin
- Near-term high priority market verticals include
  - High school stadiums
  - Transportation, over the road signage

## Predictability in Operations

- Predictability is key to the Company's long-term relationships
- Recent focus has been on:
  - Stabilizing parts availability
  - Supply chain improvement
  - The consolidation of customer facing tools to Salesforce
  - On-going factory automation to increase capacity
  - Retention of the highest performing workers during this tight labor market

## Focus on Differentiation

- Protect and improve profitability of core business
- Extend the Daktronics proprietary protocol differentiation across product tiers
- Drive Narrow Pixel Pitch (NPP) growth through AV integrators
- Create a profitable control system revenue stream focusing on the capability for a software as a service model
- Balance development investments and prune the product portfolio



<sup>1)</sup> 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.

# 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

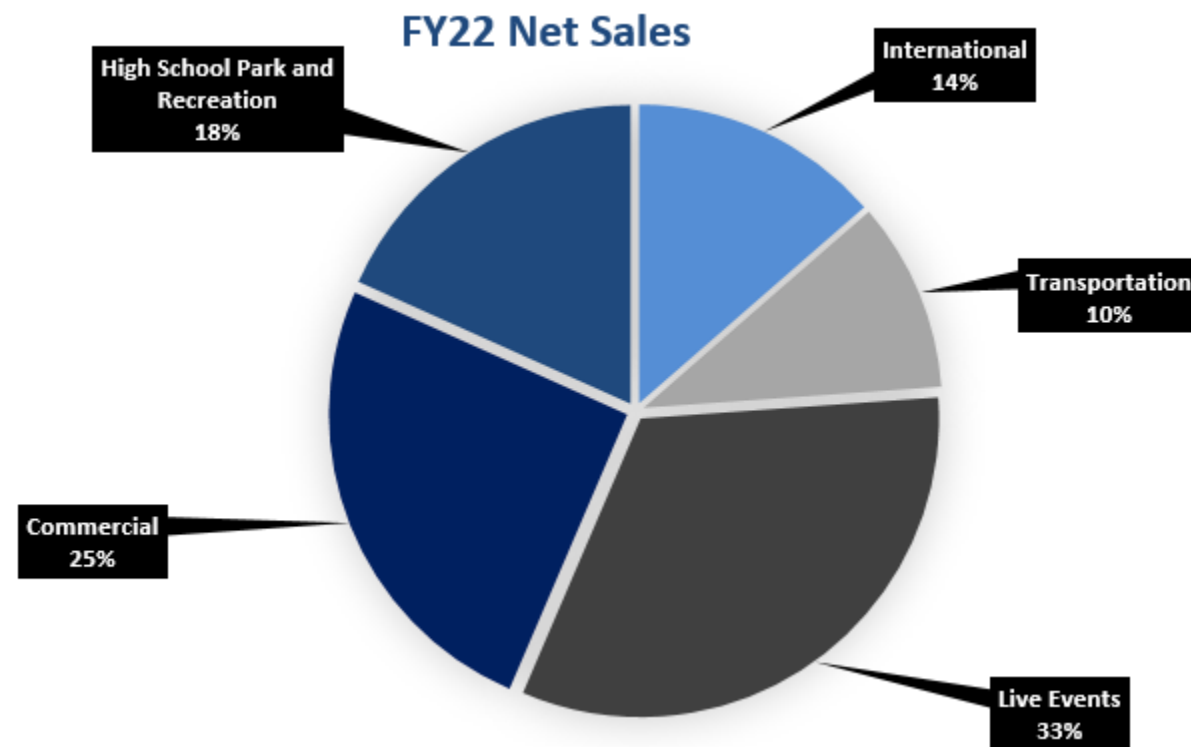
## 10 YEAR HISTORY DILUTED EARNINGS PER SHARE (after adjustment for splits)

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	- 0.29	+ 0.08	



# 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

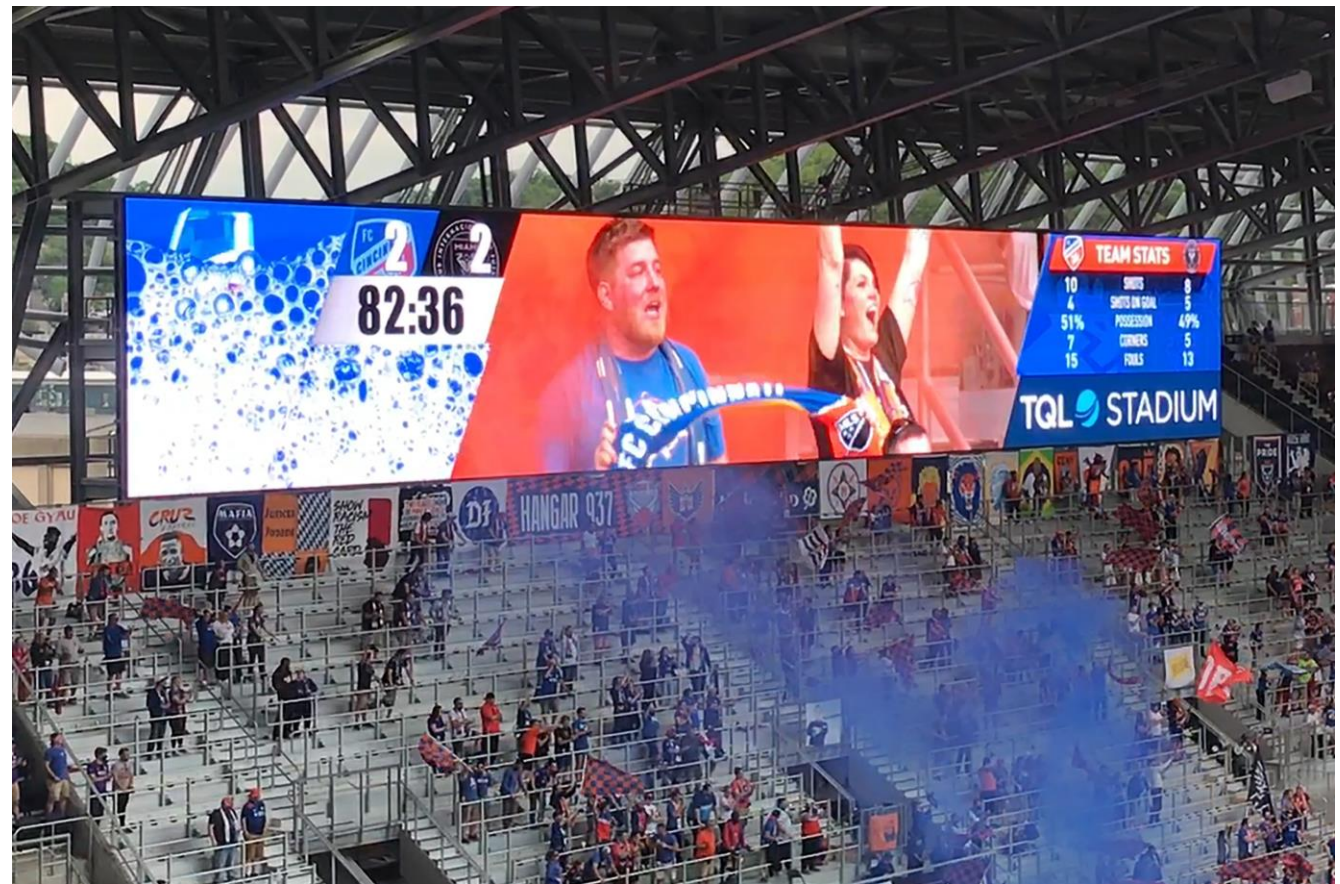
# LIVE EVENTS

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

- Professional sports
- College and university
- Arenas

» Competition

- Prismview (Division of Samsung), Leyard, ANC, Yaham, Mitsubishi, Panasonic, 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 and technological advances, driving expansion of marketplace
- » High definition product offering (HD)
- » Replacement cycle (systems can last from 8-12 years)
- » Post-installation services provide recurring revenue streams







Liberty University Arena

# HIGH SCHOOL PARK AND RECREATION (HSPR) BUSINESS UNIT



   
**Liam Dougherty**  
University of Mary  
Basketball

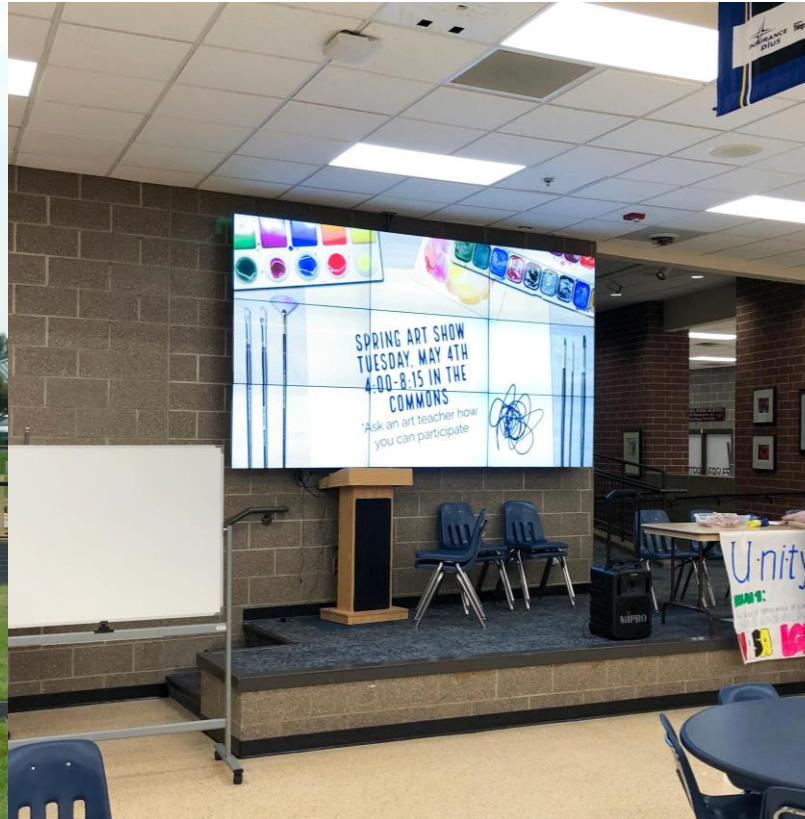


# HSPR

- » 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

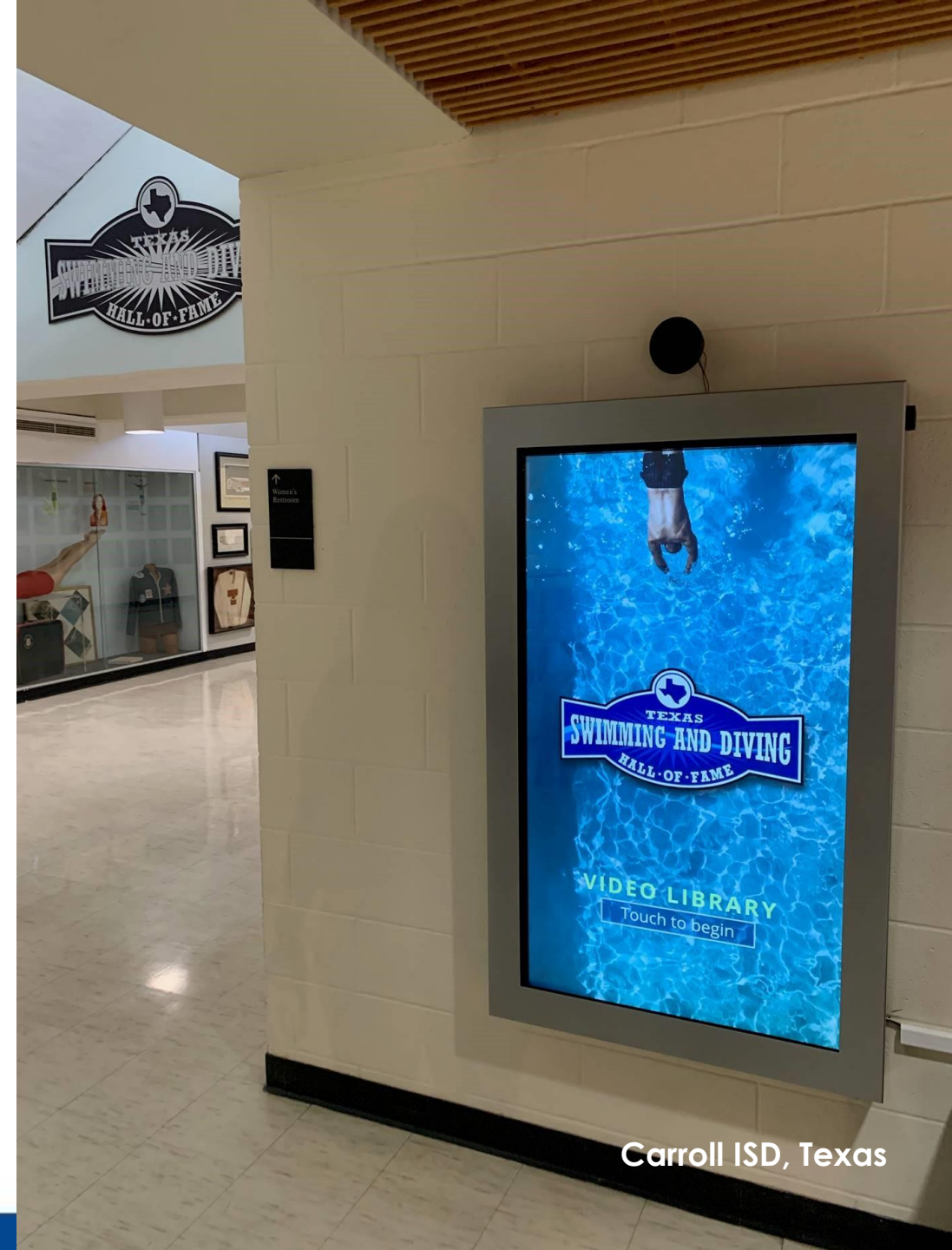
# HSPR

## » Growth Drivers

- Larger more sophisticated displays in sports venues
- Revenue generation
- Communication medium
- New construction/replacement cycles
- Offerings for academic curriculum usage and mobile scoring solutions

## » Competitors

- Fair-Play by Translux, Scorevision, Translux, Nevco, Spectrum, Electro-Mech Scoreboards
- 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)
- » Customers include sign and billboard companies, national retailers, quick-serve restaurants, casinos, shopping malls, and petroleum retailers.
- » Primary offerings
  - Digital billboards
  - Message centers
  - Video display systems/display walls
  - Petroleum displays
  - Dynamic messaging systems



# 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) – increased customer foot-traffic for customer
  - Replacement cycle (7-10 years)
  - Architectural lighting
- » Competitors
  - Message Centers: Watchfire, Vantage, Samsung
  - Digital Billboards: Watchfire, Formetco
  - Video Projects/Walls: SNA USA, Prismview, Playnar/Leyard, Yaham, ANC, Integrators using Asian Manufacturers



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
- » Customers include governmental transportation departments, industry contractors, airlines, mass transit, and other related customers
- » Competitors
  - Skyline
  - Ledstar
  - Telegra
  - Sunrise SESA Technologies, Inc.
  - LG-MRI
  - Adaptive Micro Systems
  - Solari USA
  - others



Intelligent Transit Systems (ITS)

*Penn Turnpike, Norristown Interchange, PA*

# TRANSPORTATION

- » Long-term growth drivers
  - Transportation management - increasing traffic demands on constrained infrastructure
  - expanding use of dynamic messaging systems
  - 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

Wide range of products coupled with geographic coverage

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



Marina Mall - Dubai

Customers include companies focused on sports, advertising, transportation and retail around the world but excludes the United States & Canada

## Infrastructure

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



Hamad Medical Corporation - Dubai



- Ireland – transportation products

# INTERNATIONAL

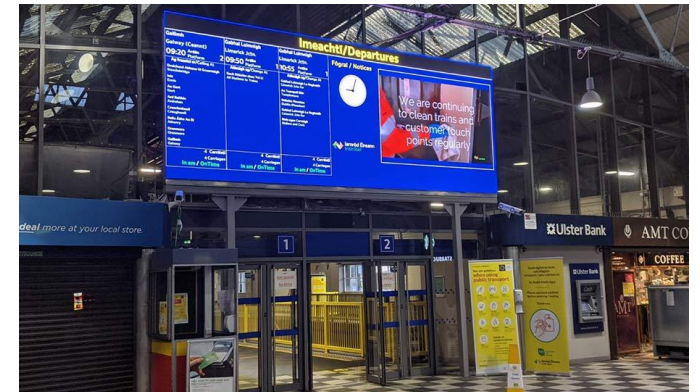
## » Growth opportunities

- 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, LG Electronics, Lighthouse, Panasonic, 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
- ✓ Managing working capital and liquidity, obtaining financing

# 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

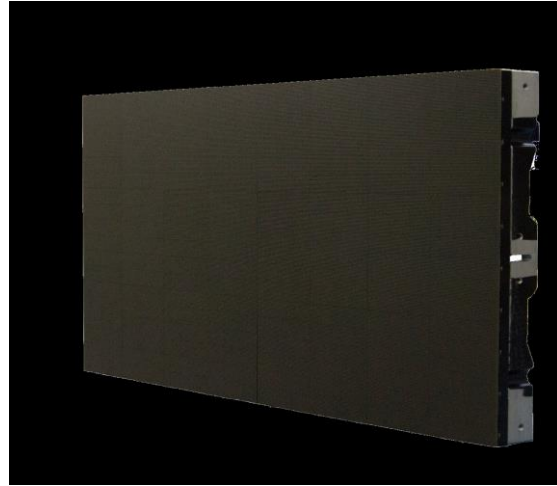


Beijing Indigo – Beijing, China

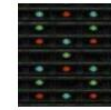
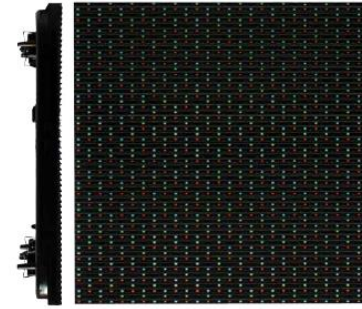


# SUPPLEMENTAL INFORMATION

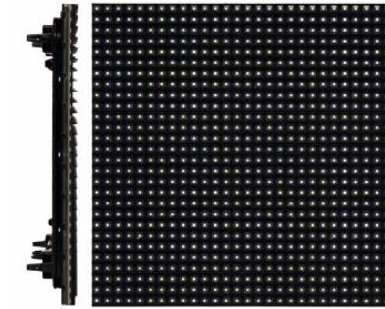
# SOLUTION EXAMPLES



## 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.



# FY2022 ANNUAL RESULTS

(\$ in thousands, except per share data)

	Twelve Months Ended		Percent Change
	30-Apr 2022	1-May 2021	
Orders <sup>(1)</sup>	\$ 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

(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 30, 2022. This release does not include a reconciliation of orders or backlog, as it would be impractical to do so without unreasonable effort.



# FY2023 THIRD QUARTER RESULTS

(\$ in thousands, except per share data)

	Three Months Ended		Percent Change
	28-Jan 2023	29-Jan 2022	
Orders	\$ 148,375	\$ 214,789	-30.9%
Net sales	\$ 184,975	\$ 139,558	32.5%
Gross profit	41,713	22,308	87.0%
Gross margin	22.6%	16.0%	
Operating income	7,118	(5,680)	225.3%
Operating margin	3.8%	-4.1%	
Net income	\$ 3,713	\$ (4,350)	185.4%
% of sales	2.0%	-3.1%	
Diluted earnings per share	\$ 0.08	\$ (0.10)	

Net Income impacted by non-cash Tax Valuation Allowance on Deferred Tax Asset for Going Concern

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# FY2023 YTD RESULTS-TO Q3

(\$ in thousands, except per share data)

	Nine Months Ended		Percent Change
	28-Jan 2023	29-Jan 2022	
Orders <sup>(1)</sup>	\$ 501,405	\$ 560,242	-10.5%
Net sales	\$ 544,334	\$ 448,767	21.3%
Gross profit	99,211	86,760	14.4%
Gross margin	18.2%	19.3%	
Operating income	3,125	4,365	-28.4%
Operating margin	0.6%	1.0%	
Net income	\$ (14,597)	\$ 1,709	-954.1%
% of sales	-2.7%	0.4%	
Earnings per share (diluted)	\$ (0.32)	\$ 0.04	

Net Income impacted by non-cash  
Tax Valuation Allowance on  
Deferred Tax Asset for Going  
Concern

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# 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

\* 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.





OUTDOOR SPECTACULARS



DYNAMIC MESSAGE SIGNS



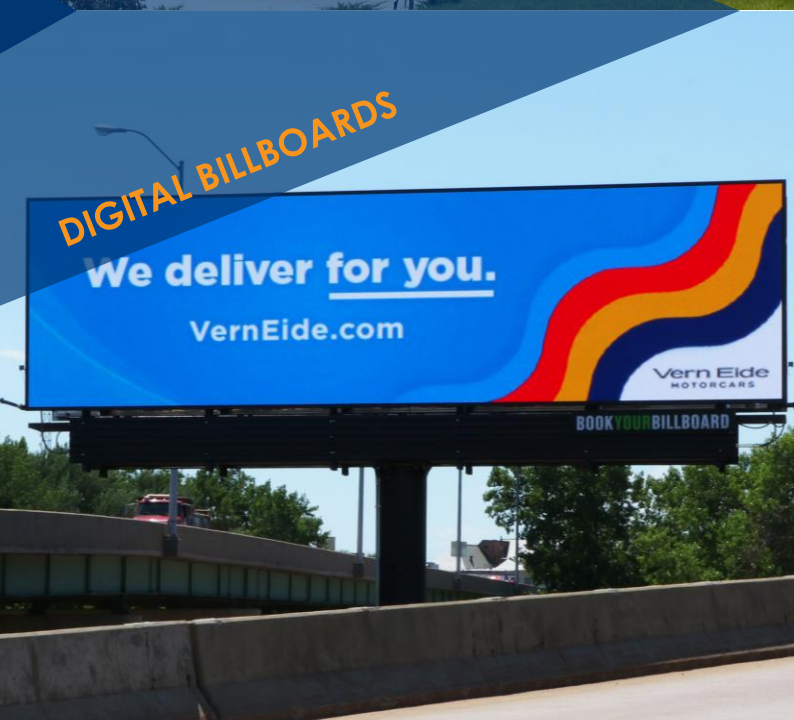
MESSAGE CENTERS



INDOOR HIGH RESOLUTION



CONTROL SYSTEMS



DIGITAL BILLBOARDS

# DAKTRONICS TECHNOLOGY