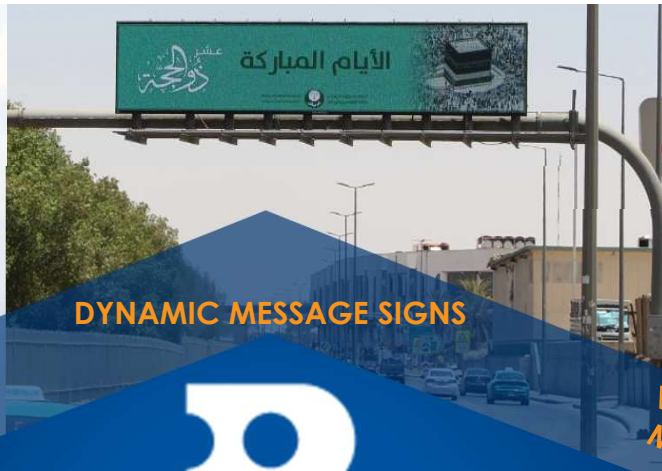




SOCCER
OKLAHOMA SOCCER
Coca-Cola
OKLAHOMA SOCCER
TECHNICAL & PROFESSIONAL SERVICES



DYNAMIC MESSAGE SIGNS



SkyDancer Casino & Resort
Current Weather
60°F
Belcourt, ND, USA
VIDEO BOARDS & MESSAGE CENTERS



Fiscal Second Quarter 2025 Results Call

December 4, 2024
NASDAQ: DAKT

CONTROL SYSTEMS



INDOOR HIGH RESOLUTION



DIGITAL BILLBOARDS



PLAYGROUND
WPT MONTREAL
plus de
4 200 000\$
DE GARANTIES
DU 9 AU 22 MAI 2024
PLAYGROUND.CA
KAHNAWAKE

SAFE HARBOR STATEMENT

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

These forward-looking statements reflect the Company's expectations or beliefs concerning future events. The Company cautions that these and similar statements involve risk and uncertainties which could cause actual results to differ materially from our expectations, including, but not limited to, changes in economic and market conditions, management of growth, timing and magnitude of future contracts and orders, fluctuations in margins, the introduction of new products and technology, the impact of adverse weather conditions, increased regulation, and other risks described in the company's SEC filings, including its Annual Report on Form 10-K for its 2024 fiscal year.

Forward-looking statements are made in the context of information available as of the date stated. The Company undertakes no obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur.



FISCAL SECOND QUARTER 2025 HIGHLIGHTS



Strong execution and sales growth in seasonally highest volume quarter of the year

- Drove sales +4.5% through fulfillment of several large projects, efficient manufacturing/throughput and on-time deliveries, especially in Live Events and Commercial OOH deliveries
- FQ2 Orders -3.4% YoY, +0.8% QoQ, +3.3% YTD

Record cash flow generation of \$43.3 million in FQ2, \$62.8 million in 1H

Strong progress along digital transformation roadmap / Business Transformation Office finalizing analysis

- Implementations ready to go live in 2H F2025
- BTO, ad hoc Board transformation committee selecting initiatives to support revenue growth above that of addressable market and consistent return on invested capital in the high to mid-teens

Product Backlog \$236 million – Continue to expect order growth in F2025

MARKET VERTICAL – FQ2 REVIEW



Live Events

- Several large projects completed - large projects include Miami Heat Flame Ball and Centerhung Display
- Orders --8% YoY / +39% QoQ
- Several large orders nearing signing



Commercial

- Orders +30% YoY / +5% QoQ
- Spectacular, OOH remain strong
- CNN-Atlanta building order
- AV integrator channel success with install at George H.W. Bush Library
- Independent channel investments paying off



Transportation

- Orders -43% YoY / -46% QoQ
- Variability in orders due to project size
- Number of smaller long-term customer orders during quarter



International

- Orders -11% YoY / +4% QoQ
- EcoSmart, energy savings product deliveries – Open Media, England
- COB NPP technology delivered to Home Theatre through AV Integrator Channel
- Order pipeline active

High School Park and Recreation

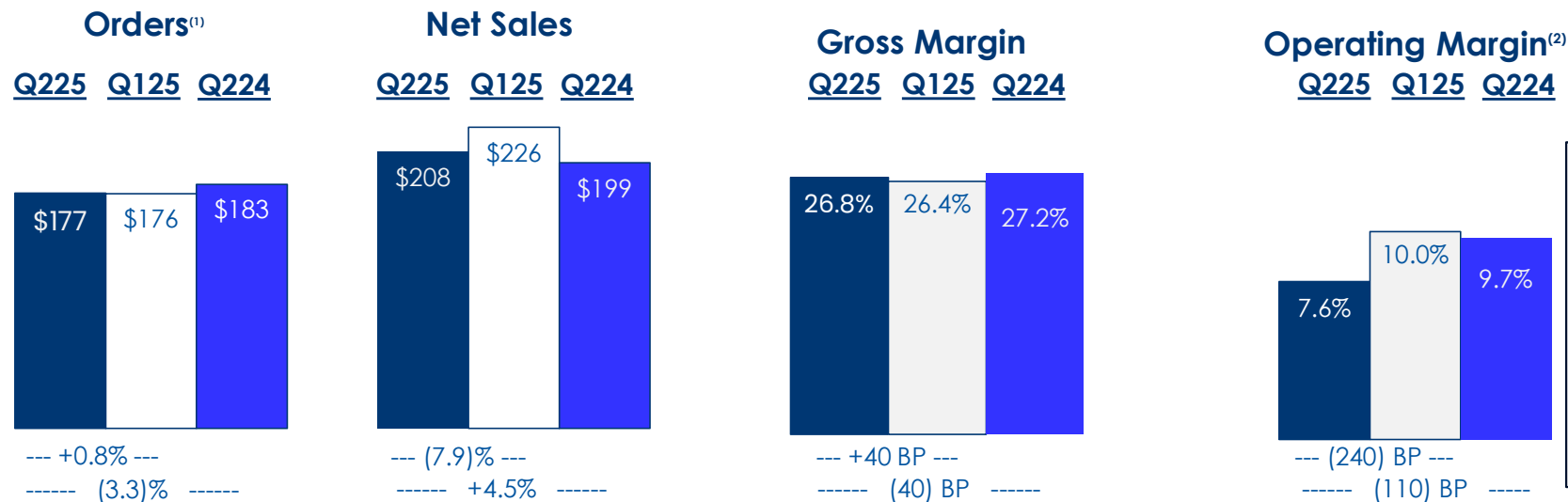
- Orders +9% YoY / -23% QoQ
- Conversion to video driving demand – entertain, educate, advertise
- Rolled out new, higher-margin product

Control Capabilities

- All-in-one display launched
- Multi-Year Platform strategy advancement on-track – new control capabilities / 3D visualization / real-time rendering launching by year-end FY25

FQ2 FY2025 FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)



FQ2 2025 operating expenses include \$3.5 million in costs associated with strategic transformation. Adjusted operating margin of 9.2%

(\$ in thousands, except per share data)

	Q22025	Q22024	Change
Cash, net of debt	\$ 70,154	\$ 18,032	289.0%
Working capital	\$ 242,695	\$ 196,407	23.6%
Operating cashflow	\$ 43,340	\$ 25,061	72.9%

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

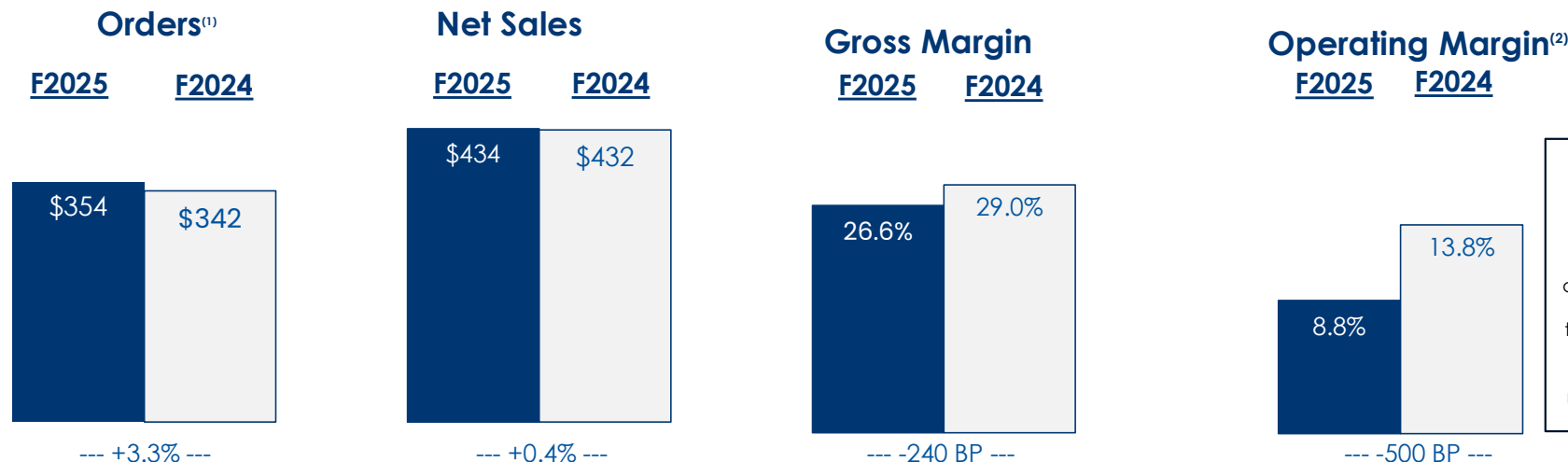
(1) Orders and backlog are not measures defined by accounting principles generally accepted in the United States of America ("GAAP"), and our methodology for determining orders and backlog may vary from the methodology used by other companies in determining their orders and backlog amounts. For more information related to backlog, see Part I, Item 1. Business of our Annual Report on Form 10-K for the fiscal year ended April 27, 2024. This release does not include a reconciliation of orders or backlog, as it would be impractical to do so without unreasonable effort.

(2) Adjusted net income. We disclose adjusted net income as a non-GAAP financial measurement in order to report our results exclusive of items that are non-recurring or not core to our operating business. We believe presenting this non-GAAP financial measurements provides investors with a consistent way to analyze our performance. Adjusted net income was \$16.6 million for Q1 FY2025



YTD FY2025 FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)



1H 2025 operating expenses include \$4.3 million in costs associated with strategic transformation. Adjusted operating margin of 9.8%

(\$ in thousands, except per share data)

	Q22025	Q22024	Change
Cash, net of debt	\$ 70,154	\$ 18,032	289.0%
Working capital	\$ 242,695	\$ 196,407	23.6%
Operating cashflow	\$ 62,821	\$ 44,311	41.8%

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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Fiscal 2025 Digital Transformation & Strategic Priorities

Digital transformation :

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

Growth opportunities to further penetrate SAM:

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

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

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



Business Transformation Office Process

Strategic Review of Business:

- What we're doing well
 - Aligning to the trends and needs of customers
 - Identifying and adapting to the market trends in buying behaviors and product needs
 - Adjusting resources and processes to focus on most profitable orders
 - Managing working capital
- Areas of opportunity
 - Reinstitution of Lean management practices and supplier management
 - Enhancing portfolio and financial management practices
 - Reduction of product complexities and offerings
 - Reduction of costs to produce and install products

Initiatives under formation and focus on:

- Continuing digital transformation
- Carefully allocating resources to end market segments
- Aligning product delivery with differing customer needs
- Achieving higher profit by reducing product input costs and focusing on efficiency
- Maximizing balance sheet efficiencies
- Refining our critical business and financial management practices

Business & Digital Transformation

World-leading Offerings & Efficiencies
+
Optimized Structural and Product Costs
+
Enhancements for growth
=
Above SAM Revenue Growth
+
Mid-to-High-Teens Returns on Capital



Summary

- Performance continues to serve as evidence that we are on sustainable trajectory of growth and increasing profitably
- Transformation commitment toward above SAM revenue growth and mid-to-high-teens returns on capital
- Global industry leader in best-in-class video communication displays and control systems
- Only US manufacturer of scale with a global footprint and servicing by geographic market
- Extending technology leadership, high-quality solutions, world class service



Intuit Dome – Los Angeles



APPENDIX

Montgomery County Veterans Memorial Park
Conroe, TX

NET SALES AND ORDERS BY BUSINESS UNIT

(\$ in thousands)

(in thousands)	Three Months Ended				Six Months Ended			
	October 26, 2024	October 28, 2023	Dollar Change	Percent Change	October 26, 2024	October 28, 2023	Dollar Change	Percent Change
Net Sales:								
Commercial	\$ 43,439	\$ 42,453	\$ 986	2.3 %	\$ 77,638	\$ 89,336	\$ (11,698)	(13.1)%
Live Events	77,207	68,210	8,997	13.2	185,815	160,209	25,606	16.0
High School Park and Recreation	48,071	48,942	(871)	(1.8)	96,077	105,176	(9,099)	(8.7)
Transportation	21,478	20,243	1,235	6.1	43,968	41,612	2,356	5.7
International	18,136	19,521	(1,385)	(7.1)	30,921	35,567	(4,646)	(13.1)
	<u>\$ 208,331</u>	<u>\$ 199,369</u>	<u>\$ 8,962</u>	<u>4.5 %</u>	<u>\$ 434,419</u>	<u>\$ 431,900</u>	<u>\$ 2,519</u>	<u>0.6 %</u>
Orders:								
Commercial	\$ 44,548	\$ 34,209	\$ 10,339	30.2 %	\$ 86,670	\$ 66,643	\$ 20,027	30.1 %
Live Events	70,524	79,016	(8,492)	(10.7)	121,423	131,219	(9,796)	(7.5)
High School Park and Recreation	35,838	32,800	3,038	9.3	82,285	68,539	13,746	20.1
Transportation	12,222	21,500	(9,278)	(43.2)	34,981	40,485	(5,504)	(13.6)
International	14,458	16,168	(1,710)	(10.6)	28,401	35,437	(7,036)	(19.9)
	<u>\$ 177,590</u>	<u>\$ 183,693</u>	<u>\$ (6,103)</u>	<u>(3.3)%</u>	<u>\$ 353,760</u>	<u>\$ 342,323</u>	<u>\$ 11,437</u>	<u>3.3 %</u>

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RECONCILIATION OF FREE CASH FLOW ⁽¹⁾

(\$ in thousands, unaudited)

	Six Months Ended	
	October 26, 2024	October 28, 2023
Net cash provided by operating activities	\$ 62,820	\$ 44,311
Purchases of property and equipment	(10,466)	(9,226)
Proceeds from sales of property and equipment	124	52
Free cash flow	<u>\$ 52,478</u>	<u>\$ 35,137</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⁽¹⁾

(\$ in thousands, unaudited)

	Three Months Ended		Six Months Ended	
	October 26, 2024	October 28, 2023	October 26, 2024	October 28, 2023
Operating income (GAAP Measure)	\$ 15,770	\$ 19,436	\$ 38,486	\$ 59,652
Consultant related expenses associated with business transformation initiatives	3,344	—	4,299	—
Adjusted operating income (non-GAAP measure)	\$ 19,114	\$ 19,436	\$ 42,785	\$ 59,652

(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. 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⁽¹⁾

(\$ in thousands, unaudited)

	Three Months Ended		Six Months Ended	
	October 26, 2024	October 28, 2023	October 26, 2024	October 28, 2023
Net income	\$ 21,406	\$ 2,165	\$ 16,460	\$ 21,361
Consultant-related expenses associated with our business transformation initiatives, net of taxes	2,842	—	2,786	—
Change in fair value of convertible note	(10,304)	10,650	11,286	17,910
Debt issuance costs expensed due to fair value of convertible note, net of taxes	—	—	—	2,092
Adjusted net income	\$ 13,944	\$ 12,815	\$ 30,532	\$ 41,363

(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 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

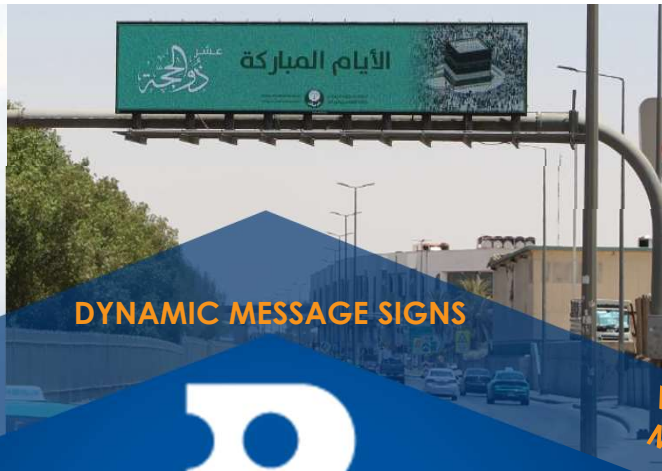
(\$ in thousands, unaudited)

	October 26, 2024	April 27, 2024
Mortgage	\$ 13,125	\$ 13,875
Convertible note	25,000	25,000
Long-term debt, gross	38,125	38,875
Debt issuance costs, net	(574)	(761)
Change in fair value of convertible note	27,836	16,550
Current portion	(1,500)	(1,500)
Long-term debt, net	<u>\$ 63,887</u>	<u>\$ 53,164</u>





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