

Dycom Industries, Inc.

Non-GAAP Reconciliations

Q4 2022



Explanation of Non-GAAP Financial Measures

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). In the Company's quarterly results releases, trend schedules, conference calls, slide presentations, and webcasts, it may use or discuss Non-GAAP financial measures, as defined by Regulation G of the Securities and Exchange Commission. The Company believes that the presentation of certain Non-GAAP financial measures in these materials provides information that is useful to investors because it allows for a more direct comparison of the Company's performance for the period reported with the Company's performance in prior periods. The Company cautions that Non-GAAP financial measures should be considered in addition to, but not as a substitute for, the Company's reported GAAP results. Management defines the Non-GAAP financial measures used as follows:

- *Non-GAAP Organic Contract Revenues* - contract revenues from businesses that are included for the entire period in both the current and prior year periods, excluding contract revenues from storm restoration services, adjusted for the additional week in the fourth quarter of fiscal 2021, as a result of the Company's 52/53 week fiscal year. Non-GAAP Organic Contract Revenue change percentage is calculated as the change in Non-GAAP Organic Contract Revenues from the comparable prior year period divided by the comparable prior year period Non-GAAP Organic Contract Revenues. Management believes Non-GAAP Organic Contract Revenues is a helpful measure for comparing the Company's revenue performance with prior periods.
- *Non-GAAP Adjusted EBITDA* - net income (loss) before interest, taxes, depreciation and amortization, gain (loss) on sale of fixed assets, stock-based compensation expense, and certain non-recurring items. Management believes Non-GAAP Adjusted EBITDA is a helpful measure for comparing the Company's operating performance with prior periods as well as with the performance of other companies with different capital structures or tax rates.
- *Non-GAAP Adjusted Net Income (Loss)* - GAAP net income (loss) before the non-cash amortization of the debt discount and the related tax impact, certain tax impacts resulting from vesting and exercise of share-based awards, and certain non-recurring items. Management believes Non-GAAP Adjusted Net Income (Loss) is a helpful measure for comparing the Company's operating performance with prior periods.
- *Non-GAAP Adjusted Diluted Earnings (Loss) per Common Share* - Non-GAAP Adjusted Net Income (Loss) divided by weighted average diluted shares outstanding. Diluted shares used in the calculation of GAAP loss per common share and Non-GAAP Adjusted Loss per Common Share for the quarter ended January 30, 2021 exclude common stock equivalents related to share-based awards as their effect would be anti-dilutive.
- *Notional Net Debt* - Notional net debt is a Non-GAAP financial measure that is calculated by subtracting cash and equivalents from the aggregate face amount of outstanding debt. Management believes notional net debt is a helpful measure to assess the Company's liquidity.

Management excludes or adjusts each of the items identified below from *Non-GAAP Adjusted Net Income (Loss)* and *Non-GAAP Adjusted Diluted Earnings (Loss) per Common Share*:

- *Non-cash amortization of debt discount on 2021 Convertible Notes* - The Company's 0.75% convertible senior notes due September 2021 (the "2021 Convertible Notes") were allocated between debt and equity components. The difference between the principal amount and the carrying amount of the liability component of the 2021 Convertible Notes represents a debt discount. The debt discount is amortized over the term of the 2021 Convertible Notes but does not result in periodic cash interest payments. The Company excludes the non-cash amortization of the debt discount from its Non-GAAP financial measures because it believes it is useful to analyze the component of interest expense for the 2021 Convertible Notes that will be paid in cash. The exclusion of the non-cash amortization from the Company's Non-GAAP financial measures provides management with a consistent measure for assessing financial results.
- *Charges for a wage and hour litigation settlement* - During the fiscal year ended January 30, 2021, the Company incurred a \$2.3 million pre-tax charge for a wage and hour litigation settlement. The Company excludes the impact of this charge from its Non-GAAP financial measures because the Company believes it is not indicative of its underlying results in the current period.
- *Goodwill impairment charge* - During the fiscal year ended January 30, 2021, the Company incurred a goodwill impairment charge of \$53.3 million for a reporting unit that performs installation services inside third party premises. Management believes excluding the goodwill impairment charge from the Company's Non-GAAP financial measures assists investors' overall understanding of the Company's current financial performance and provides management with a consistent measure for assessing the current and historical financial results.

- *Loss (gain) on debt extinguishment* - During the fiscal year ended January 29, 2022, the Company recognized a loss on debt extinguishment of \$0.1 million in connection with the amendment and restatement of its credit agreement maturing in April 2026. During the fiscal year ended January 30, 2021, the Company recognized a gain on debt extinguishment of \$12.0 million in connection with its purchase of \$401.7 million aggregate principal amount of the Company's 2021 Convertible Notes for \$371.4 million, including interest and fees. Management believes excluding the loss (gain) on debt extinguishment from the Company's Non-GAAP financial measures assists investors' overall understanding of the Company's current financial performance and provides management with a consistent measure for assessing the current and historical financial results.
- *Tax impact of the vesting and exercise of share-based awards* - The Company excludes certain tax impacts resulting from the vesting and exercise of share-based awards as these amounts may vary significantly from period to period. Excluding these amounts from the Company's Non-GAAP financial measures provides management with a more consistent measure for assessing financial results.
- *Tax effect from a net operating loss carryback under enacted CARES Act* - During the fiscal year ended January 30, 2021, the Company recognized an income tax benefit of \$2.6 million from a net operating loss carryback under the enacted U.S. Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The Company excludes this impact because the Company believes it is not indicative of the Company's underlying results or ongoing operations.
- *Tax impact of pre-tax adjustments* - The tax impact of pre-tax adjustments reflects the Company's estimated tax impact of specific adjustments and the effective tax rate used for financial planning for the applicable period.

Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Non-GAAP Organic Contract Revenues

Unaudited

(Dollars in millions)

Quarter Ended	Contract Revenues - GAAP	Revenues from storm restoration services	Additional week as a result of the Company's 52/53 week fiscal year ¹	Non-GAAP - Organic Revenues	Growth (Decline)%	
					GAAP - Organic %	Non-GAAP - Organic %
January 29, 2022	\$ 761.5	\$ —	\$ —	\$ 761.5	1.4 %	10.1 %
January 30, 2021	\$ 750.7	\$ (5.7)	\$ (53.2)	\$ 691.8		
October 30, 2021	\$ 854.0	\$ —	\$ —	\$ 854.0	5.4 %	6.6 %
October 24, 2020	\$ 810.3	\$ (8.9)	\$ —	\$ 801.4		
July 31, 2021	\$ 787.6	\$ —	\$ —	\$ 787.6	(4.4)%	(4.4)%
July 25, 2020	\$ 823.9	\$ —	\$ —	\$ 823.9		
May 1, 2021	\$ 727.5	\$ (3.9)	\$ —	\$ 723.6	(10.7)%	(11.1)%
April 25, 2020	\$ 814.3	\$ —	\$ —	\$ 814.3		
January 30, 2021	\$ 750.7	\$ (5.7)	\$ (53.2)	\$ 691.8	1.8 %	(6.2)%
January 25, 2020	\$ 737.6	\$ —	\$ —	\$ 737.6		
October 24, 2020	\$ 810.3	\$ (8.9)	\$ —	\$ 801.4	(8.4)%	(9.4)%
October 26, 2019	\$ 884.1	\$ —	\$ —	\$ 884.1		
July 25, 2020	\$ 823.9	\$ —	\$ —	\$ 823.9	(6.8)%	(6.8)%
July 27, 2019	\$ 884.2	\$ —	\$ —	\$ 884.2		
April 25, 2020	\$ 814.3	\$ —	\$ —	\$ 814.3	(2.3)%	(1.8)%
April 27, 2019	\$ 833.7	\$ (4.7)	\$ —	\$ 829.0		

Note: Amounts above may not add due to rounding.

Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Non-GAAP Organic Contract Revenues - Certain Customers

Unaudited

(Dollars in millions)

Quarter Ended	Contract Revenues - GAAP	Revenues from storm restoration services	Additional week as a result of the Company's 52/53 week fiscal year ¹	Non-GAAP - Organic Revenues	Growth (Decline)%	
					GAAP - Organic %	Non-GAAP - Organic %
AT&T						
January 29, 2022	\$ 202.6	\$ —	\$ —	\$ 202.6	60.6 %	73.6 %
January 30, 2021	\$ 126.2	\$ (0.5)	\$ (9.0)	\$ 116.7		
Frontier						
January 29, 2022	\$ 38.6	\$ —	\$ —	\$ 38.6	81.3 %	97.2 %
January 30, 2021	\$ 21.3	\$ (0.2)	\$ (1.5)	\$ 19.6		
Fiber Construction Revenue from Electric Utility Customers						
January 29, 2022	\$ 57.4	\$ —	\$ —	\$ 57.4	27.4 %	37.2 %
January 30, 2021	\$ 45.1	\$ —	\$ (3.2)	\$ 41.9		
Top 5 Customers²						
January 29, 2022	\$ 506.9	\$ —	\$ —	\$ 506.9	(2.8)%	5.4 %
January 30, 2021	\$ 521.3	\$ (3.2)	\$ (37.0)	\$ 481.1		
All Other Customers (excluding Top 5 Customers)						
January 29, 2022	\$ 254.6	\$ —	\$ —	\$ 254.6	11.0 %	20.8 %
January 30, 2021	\$ 229.4	\$ (2.5)	\$ (16.2)	\$ 210.7		

Note: Amounts above may not add due to rounding.



Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Non-GAAP Adjusted EBITDA

Unaudited

(Dollars in thousands)

	Quarter Ended	
	January 29, 2022	January 30, 2021
Net income (loss)	\$ 794	\$ (4,195)
Interest expense, net	8,823	4,651
Benefit for income taxes	(5,728)	(2,073)
Depreciation and amortization	37,345	43,584
Earnings Before Interest, Taxes, Depreciation & Amortization ("EBITDA")	41,234	41,967
Loss (gain) on sale of fixed assets	56	(819)
Stock-based compensation expense	2,028	2,281
Charges for a wage and hour litigation settlement ³	—	2,254
Non-GAAP Adjusted EBITDA	\$ 43,318	\$ 45,683
<i>Non-GAAP Adjusted EBITDA % of contract revenues</i>	5.7 %	6.1 %

Note: Amounts above may not add due to rounding.

Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Non-GAAP Adjusted Net Income (Loss) and Non-GAAP Adjusted Diluted Earnings (Loss) per Common Share

Unaudited

(Dollars and shares in thousands, except per share amounts)

	Quarter Ended January 29, 2022		
	GAAP	Reconciling Items	Non-GAAP Adjusted
Contract revenues	\$ 761,481	\$ —	\$ 761,481
Costs of earned revenues, excluding depreciation and amortization	656,634	—	656,634
General and administrative	63,792	—	63,792
Depreciation and amortization	37,345	—	37,345
Total	757,771	—	757,771
Interest expense, net	(8,823)	—	(8,823)
Other income, net	179	—	179
Loss before income taxes	(4,934)	—	(4,934)
Benefit for income taxes ⁴	(5,728)	92	(5,636)
Net income	\$ 794	\$ (92)	\$ 702
Diluted earnings per common share	\$ 0.03	\$ (0.00)	\$ 0.02
Shares used in computing diluted earnings per common share	30,590	—	30,590

	Quarter Ended January 30, 2021		
	GAAP	Reconciling Items	Non-GAAP Adjusted
Contract revenues	\$ 750,665	\$ —	\$ 750,665
Costs of earned revenues, excluding depreciation and amortization ³	645,476	(2,100)	643,376
General and administrative ³	63,898	(154)	63,744
Depreciation and amortization	43,584	—	43,584
Total	752,958	(2,254)	750,704
Interest expense, net ⁵	(4,651)	710	(3,941)
Other income, net	676	—	676
Loss before income taxes	(6,268)	2,964	(3,304)
Benefit for income taxes ⁴	(2,073)	1,070	(1,003)
Net loss	\$ (4,195)	\$ 1,894	\$ (2,301)
Loss per common share	\$ (0.13)	\$ 0.06	\$ (0.07)
Shares used in computing loss per common share	31,445	—	31,445

Note: Amounts above may not add due to rounding.

Notes to Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

¹ The Company has a 52/53 week fiscal year. All quarter periods presented contain 13 weeks except for the quarter ended January 30, 2021, which contained an additional week of operations. The Non-GAAP adjustment for the additional week of operations for the quarter ended January 30, 2021 is calculated as (i) contract revenues less (ii) contract revenues from storm restoration services (iii) divided by 14 weeks.

² Top 5 Customers included AT&T, Comcast, Lumen, Verizon, and Frontier for the quarter ended January 29, 2022, compared to Comcast, AT&T, Verizon, Lumen, and Windstream for the quarter ended January 30, 2021.

³ During the quarter ended January 30, 2021 the Company incurred a \$2.3 million pre-tax charge for a wage and hour litigation settlement. Of the \$2.3 million pre-tax charge, \$2.1 million and \$0.2 million were included in costs of earned revenues and general and administrative expenses, respectively.

⁴ Non-GAAP Adjusted Benefit for income taxes reflects the tax related impact of all pre-tax adjustments as well as the tax effects of the vesting and exercise of share-based awards. For the quarters ended January 29, 2022 and January 30, 2021 the benefit for income taxes includes \$0.1 million and \$0.3 million of income tax benefit, respectively, for the vesting and exercise of share-based awards.

⁵ Non-GAAP Adjusted Interest expense, net excludes the non-cash amortization of the debt discount associated with the 2021 Convertible Notes.