



# Disclosures

## Forward-Looking Statements

Certain statements in this release may be deemed “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, all of which are based upon various estimates and assumptions that the Company believes to be reasonable as of the date hereof. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “could,” “should,” “expect,” “plan,” “project,” “intend,” “anticipate,” “believe,” “seek,” “estimate,” “predict,” “potential,” “pursue,” “target,” “continue,” the negative of such terms or other comparable terminology. These statements involve risks and uncertainties that could cause the Company’s actual future outcomes to differ materially from those set forth in such statements. Such risks and uncertainties include, but are not limited to: general reduction in the demand for our products or services; changes in general economic conditions, including market and macro-economic disruptions resulting from Russia’s invasion of Ukraine or other geo-political events; competition in the industries in which we operate, both from third parties and former employees, which could result in the loss of one or more customers or lead to lower margins on new projects; our ability to successfully manage projects, the cost and availability of qualified labor and the ability to maintain positive labor relations, and our ability to pass along increases in the cost of commodities used in our business, in particular, copper, aluminum, steel, fuel, electronic components and certain plastics; supply chain disruptions due to our suppliers’ access to materials and labor, their ability to ship products timely, or credit or liquidity problems they may face; the impact of the COVID-19 pandemic or any future epidemics or pandemics on our business, including the potential for new or continued job site closures or work stoppages, supply chain disruptions, delays in awarding new project bids, construction delays, reduced demand for our services, delays in our ability to collect from our customers, the impact of third party vaccine mandates on employee recruiting and retention, or illness of management or other employees; inaccurate estimates used when entering into fixed-price contracts, the possibility of errors when estimating revenue and progress to date on percentage-of-completion contracts, and complications associated with the incorporation of new accounting, control and operating procedures; our ability to enter into, and the terms of, future contracts; the inability to carry out plans and strategies as expected, including the inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy, or the subsequent underperformance of those acquisitions; challenges integrating new businesses into the Company or new types of work, products or processes into our segments; backlog that may not be realized or may not result in profits; failure to adequately recover on contract change orders or claims against customers; closures or sales of our facilities resulting in significant future charges, including potential warranty losses or other unexpected liabilities, or a significant disruption of our operations; the impact of seasonality, adverse weather conditions, and climate change; an increased cost of surety bonds affecting margins on work and the potential for our surety providers to refuse bonding or require additional collateral at their discretion; fluctuations in operating activity due to downturns in levels of construction or the housing market, seasonality and differing regional economic conditions; increases in bad debt expense and days sales outstanding due to liquidity problems faced by our customers; accidents resulting from the physical hazards associated with our work and the potential for accidents; the possibility that our current insurance coverage may not be adequate or that we may not be able to obtain policies at acceptable rates; the effect of litigation, claims and contingencies, including warranty losses, damages or other latent defect claims in excess of our existing reserves and accruals; interruptions to our information systems and cyber security or data breaches; liabilities under existing or potential future laws and regulations, including those related to the environment and climate change; expenditures to comply with future changes in laws and regulations, including environmental laws and regulations and those relating to climate change; loss of key personnel, ineffective transition of new management, or inability to transfer, renew and obtain electrical and other professional licenses; the possibility that certain tax benefits of our net operating losses may be restricted or reduced in a change in ownership or a decrease in the federal tax rate; the recognition of tax benefits related to uncertain tax positions and the potential for disagreements with taxing authorities with regard to tax positions we have adopted; the potential recognition of valuation allowances or write-downs on deferred tax assets; limitations on the availability of sufficient credit or cash flow to fund our working capital needs and capital expenditures, complete acquisitions, and for debt service; credit and capital market conditions, including changes in interest rates that affect the cost of construction financing and mortgages, and the inability of some of our customers to retain sufficient financing, which could lead to project delays or cancellations; difficulty in fulfilling the covenant terms of our revolving credit facility, including liquidity, and other financial requirements, which could result in a default and acceleration of any indebtedness under such revolving credit facility; uncertainties inherent in estimating future operating results, including revenues, operating income or cash flow; the recognition of potential goodwill, long-lived assets and other investment impairments; the existence of a controlling shareholder, who has the ability to take action not aligned with other shareholders or to dispose of all or any portion of the shares of our common stock it holds, which could trigger certain change of control provisions in a number of our material agreements, including our financing and surety arrangements and our executive severance plan; the relatively low trading volume of our common stock, as a result of which it could be more difficult for shareholders to sell a substantial number of shares for the same price at which shareholders could sell a smaller number of shares; the possibility that we issue additional shares of common stock, preferred stock or convertible securities that will dilute the percentage ownership interest of existing stockholders and may dilute the value per share of our common stock; the potential for substantial sales of our common stock, which could adversely affect our stock price; the impact of increasing scrutiny and changing expectations from investors and customers, or new or changing regulations, with respect to environmental, social and governance practices; the cost or effort required for our shareholders to bring certain claims or actions against us, as a result of our designation of the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings; the possibility that our internal controls over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur; and other factors discussed elsewhere in the Company’s quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2023. You should understand that such risk factors could cause future outcomes to differ materially from those experienced previously or those expressed in such forward-looking statements. The Company undertakes no obligation to publicly update or revise any information, including information concerning its controlling shareholder, net operating losses, borrowing availability, or cash position, or any forward-looking statements to reflect events or circumstances that may arise after the date of this release.

Forward-looking statements are provided in this document pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties, and risks described herein.

## Non-GAAP Financial Measures and Other Adjustments

This document includes adjusted net income attributable to IES, adjusted diluted earnings per share attributable to common stockholders, and backlog, and, in the non-GAAP reconciliation tables included herein, adjusted net income attributable to common stockholders, adjusted EBITDA and adjusted net income before taxes, each of which is a financial measure not calculated in accordance with generally accepted accounting principles in the U.S. (“GAAP”). Management believes that these measures provide useful information to our investors by, in the case of adjusted net income attributable to common stockholders, adjusted earnings per share attributable to common stockholders, adjusted EBITDA and adjusted net income before taxes, distinguishing certain nonrecurring events such as litigation settlements, significant expenses associated with leadership changes, or gains or losses from the sale of a business, or noncash events, such as impairment charges or our valuation allowances release and write-down of our deferred tax assets, or, in the case of backlog, providing a common measurement used in IES’s industry, as described further below, and that these measures, when reconciled to the most directly comparable GAAP measures, help our investors to better identify underlying trends in the operations of our business and facilitate easier comparisons of our financial performance with prior and future periods and to our peers. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information calculated in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures, which has been provided in the financial tables included in this press release. Remaining performance obligations represent the unrecognized revenue value of our contract commitments. While backlog is not a defined term under GAAP, it is a common measurement used in IES’s industry and IES believes this non-GAAP measure enables it to more effectively forecast its future results and better identify future operating trends that may not otherwise be apparent. IES’s remaining performance obligations are a component of IES’s backlog calculation, which also includes signed agreements and letters of intent which we do not have a legal right to enforce prior to work starting. These arrangements are excluded from remaining performance obligations until work begins. IES’s methodology for determining backlog may not be comparable to the methodologies used by other companies.

For further details on the Company’s financial results, please refer to the Company’s quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2023, to be filed with the Securities and Exchange Commission (“SEC”), and any amendments thereto.

General information about IES Holdings, Inc. can be found at <http://www.ies-co.com> under “Investor Relations.” The Company’s annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to those reports, are available free of charge through the Company’s website as soon as reasonably practicable after they are filed with, or furnished to, the SEC.

# Second Quarter 2023 Highlights

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- Revenue of \$569 million, an increase of 13% year-over-year
- Operating income of \$31.6 million
- Earnings per share of \$0.92 and adjusted earnings per share\* of \$1.07
- Remaining performance obligations of \$1.0 billion, a GAAP measure of future revenue to be recognized from current contracts with customers, and record backlog\* of \$1.4 billion

\* Non-GAAP financial measure; see reconciliation table

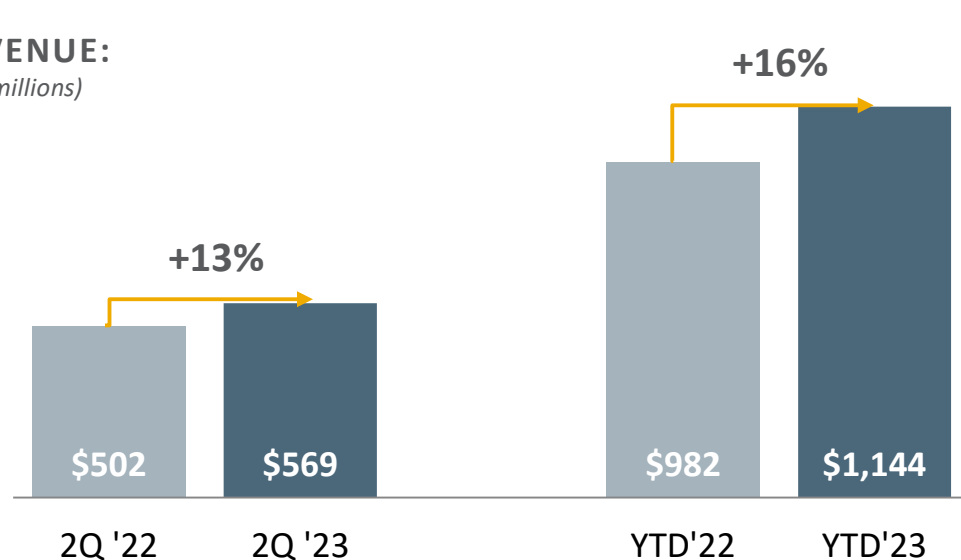
# Year to Date 2023 Highlights

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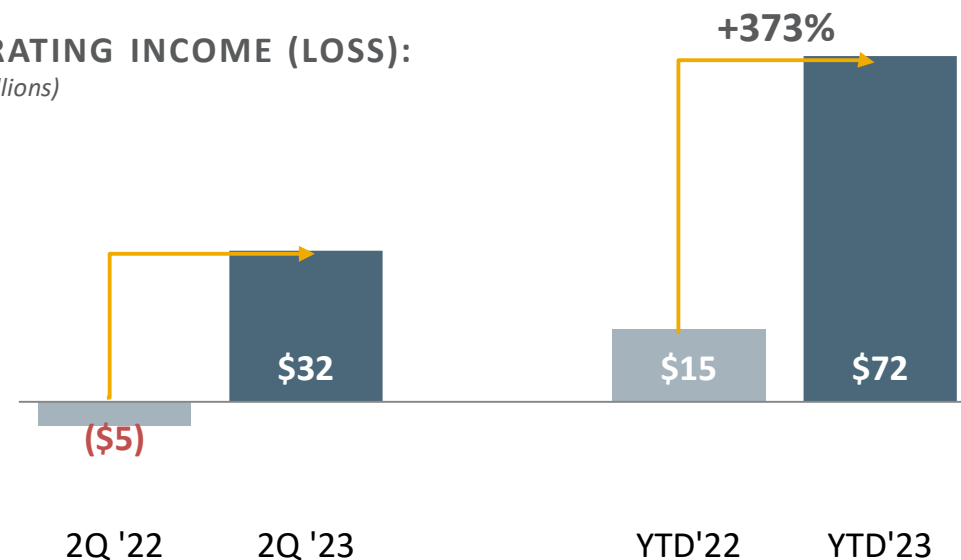
- Revenue of \$1.1 billion, an increase of 16% year-over-year (“y-o-y”)
- Operating income of \$72.3 million
- Earnings per share of \$2.06 and adjusted earnings per share\* of \$1.90

# Financial Highlights: 2Q & YTD'23

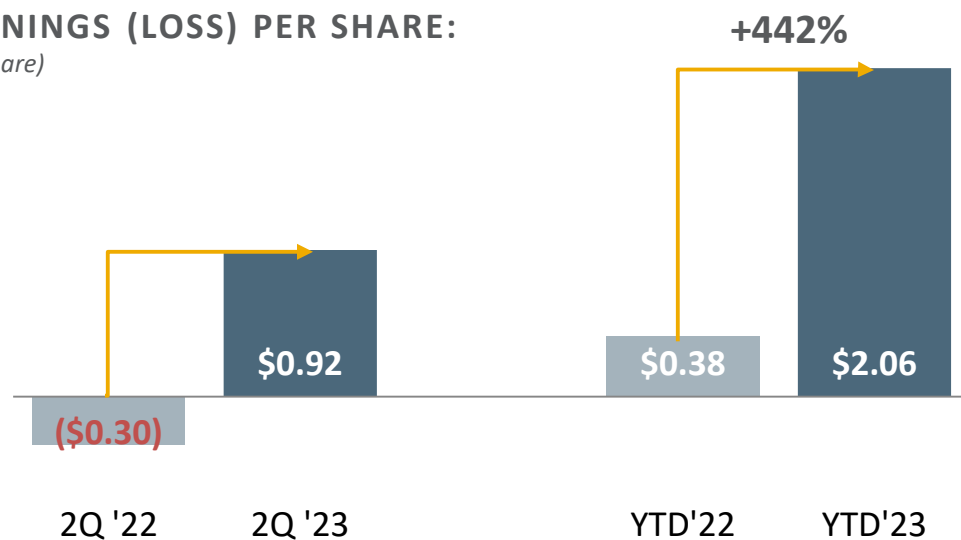
## REVENUE: (\$ in millions)



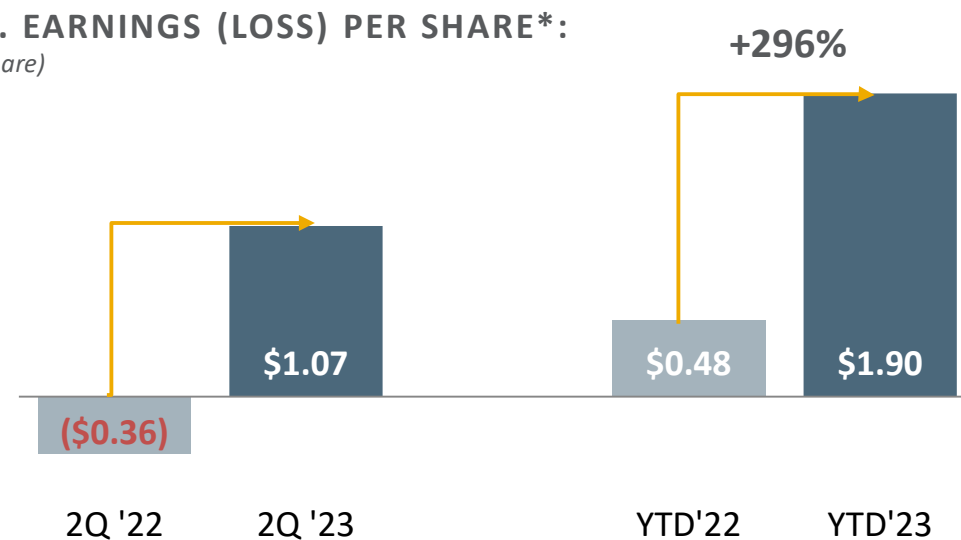
## OPERATING INCOME (LOSS): (\$ in millions)



## EARNINGS (LOSS) PER SHARE: (\$ / share)



## ADJ. EARNINGS (LOSS) PER SHARE\*: (\$ / share)



\* Non-GAAP financial measure; see reconciliation table

# Segment Results: 2Q & YTD'23

## SECOND QUARTER

## SIX MONTHS YEAR to DATE

### Communications

- **Revenue:** \$141.1 million (+8% from 2Q FY'22)
  - **Operating Income:** \$11.8 million (+5,800%)
- **Revenue:** \$288.4 million (+12% from YTD'22)
  - **Operating Income:** \$21.2 million (+128%)

### Residential

- **Revenue:** \$306.1 million (+18%)
  - **Operating Income:** \$16.8 million (+41%)
- **Revenue:** \$624.2 million (+24%)
  - **Operating Income:** \$37.3 million (+59%)

### Infrastructure Solutions

- **Revenue:** \$52.6 million (+26%)
  - **Operating Income:** \$8.2 million (+1,071%)
- **Revenue:** \$101.9 million (+22%)
  - **Operating Income:** \$12.9 million (+438%)

### Commercial & Industrial

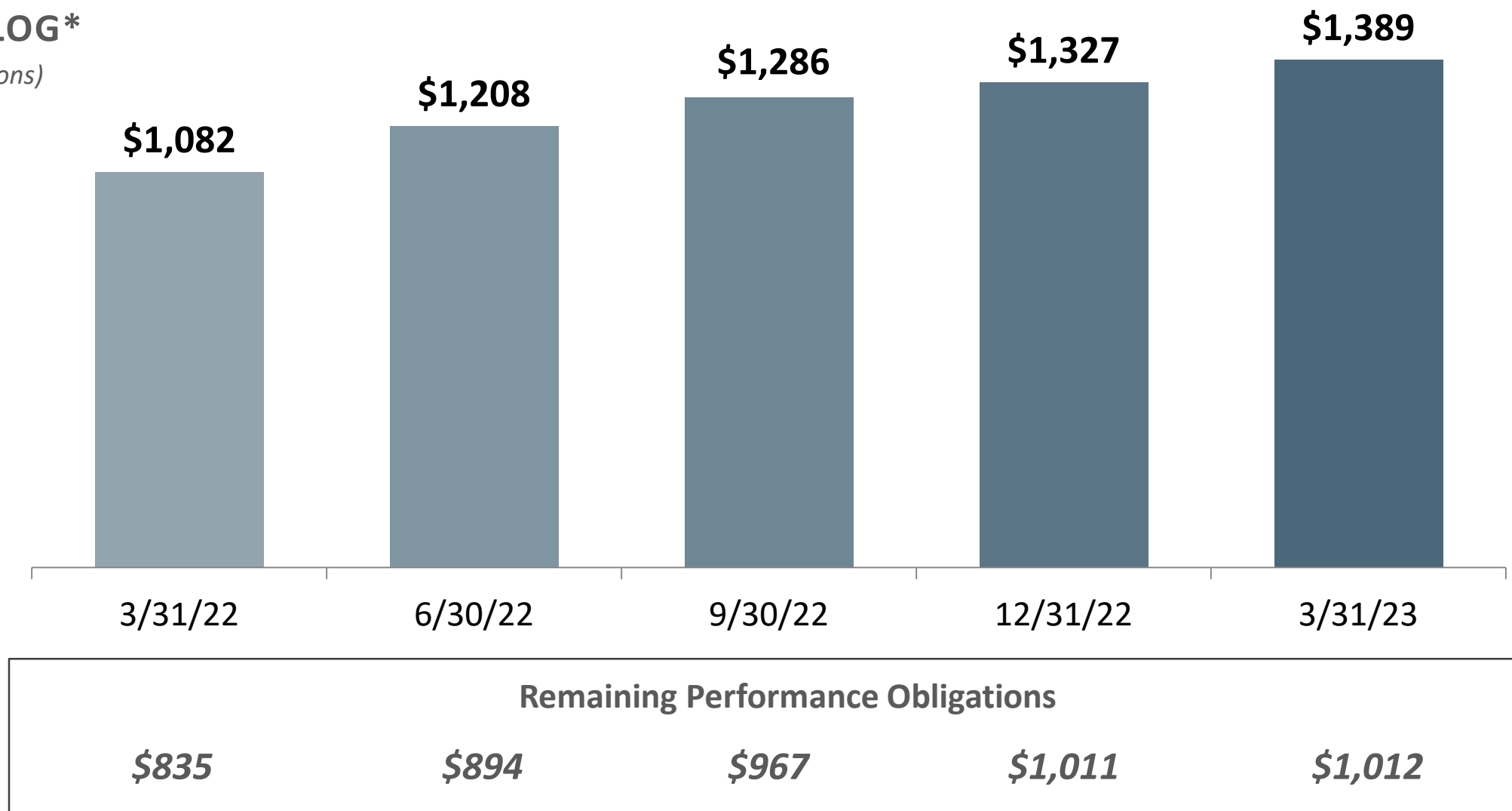
- **Revenue:** \$69.0 million (+0%)
  - **Operating Income:** \$0.4 million
- **Revenue:** \$129.3 million (-6%)
  - **Operating Income:** \$11.4 million

Commercial & Industrial's operating income for the YTD includes a pretax gain of \$13.0 million related to the sale of STR Mechanical.

# Quarterly Backlog\* Trend

## BACKLOG\*

(\$ in millions)



\* Non-GAAP financial measure; see reconciliation table

# Appendix





# Income Statement

(in millions, except per share data)	Three Months Ended		Six Months Year to Date	
	March 31,		March 31,	
	2022	2023	2022	2023
Revenue	\$501.6	\$568.9	\$982.1	\$1,143.8
Operating income (loss)	(4.9)	31.6	15.3	72.3
Interest (income) expense & other	0.4	(0.7)	1.6	1.1
Provision for (benefit from) income taxes	(1.3)	8.2	2.7	18.2
Net income attributable to noncontrolling interest	(1.4)	(2.6)	(2.0)	(5.0)
Net income (loss) attributable to IES Holdings, Inc.	(\$5.4)	\$21.6	\$9.1	\$48.0
Computation of EPS:				
Net income (loss) attributable to IES Holdings, Inc.	(\$5.4)	\$21.6	\$9.1	\$48.0
Increase in noncontrolling interest	(\$0.9)	(\$2.8)	(\$0.9)	(\$5.8)
Net income (loss) attributable to common stockholders of IES Holdings, Inc.	(\$6.3)	\$18.8	\$8.1	\$42.1
Adjusted net income (loss) attributable to common stockholders <sup>(1)</sup>	(\$7.4)	\$21.8	\$10.1	\$38.7
Earnings (loss) per share attributable to common stockholders	(\$0.30)	\$0.92	\$0.38	\$2.06
Adjusted earnings (loss) per share attributable to common stockholders <sup>(1)</sup>	(\$0.36)	\$1.07	\$0.48	\$1.90
Diluted shares used to calculate earnings per share	20.8	20.4	21.1	20.4

<sup>(1)</sup> Adjusted net income attributable to common stockholders and Adjusted earnings per share attributable to common stockholders are non-GAAP financial measures; see reconciliation table

# Non-GAAP Reconciliation of Adjusted Net Income Attributable to IES Holdings, Inc.

(in millions, except per share data)	Three Months Ended		Six Months Year to Date	
	March 31,		March 31,	
	2022	2023	2022	2023
Net income (loss) attributable to IES Holdings, Inc.	(\$5.4)	\$21.6	\$9.1	\$48.0
Gain on sale of STR Mechanical	–	–	–	(\$13.0)
Provision for (benefit from) income taxes	(1.3)	8.2	2.7	18.2
Adjusted net income (loss) before taxes	(\$6.7)	\$29.7	\$11.8	\$53.2
Current tax (expense) benefit <sup>(1)</sup>	0.1	(5.1)	(0.8)	(8.7)
Adjusted net income (loss) attributable to IES Holdings, Inc. <sup>(2)</sup>	(\$6.6)	\$24.6	\$11.0	\$44.5
Adjustments for computation of earnings per share:				
Increase in noncontrolling interest	(0.9)	(2.8)	(0.9)	(5.8)
Adjusted net income (loss) attributable to common stockholders <sup>(2)</sup>	(\$7.4)	\$21.8	\$10.1	\$38.7
Adjusted earnings (loss) per share attributable to common stockholders <sup>(2)</sup>	(\$0.36)	\$1.07	\$0.48	\$1.90
Diluted shares used to calculate adjusted earnings per share	20.8	20.4	21.1	20.4

<sup>(1)</sup> Represents the tax expense related to the current period earnings which will be considered in the computation of tax to be paid in cash for the year, and not offset by the utilization of net operating loss carryforwards

<sup>(2)</sup> Adjusted net income attributable to IES Holdings Inc., Adjusted net income attributable to common stockholders, and Adjusted earnings per share attributable to common stockholders are non-GAAP financial measures

# Select Balance Sheet Data

(in millions)	Period Ended		
	3/31/22	9/30/22	3/31/23
Cash	\$19.3	\$24.8	\$15.1
Other Current Assets	516.8	599.6	576.8
Deferred Tax Assets	17.4	20.5	15.4
Non-Current Assets	277.7	289.8	281.8
<b>Total Assets</b>	<b>\$831.2</b>	<b>\$934.7</b>	<b>\$889.1</b>
Current Liabilities	\$347.3	\$401.9	\$373.0
Other Liabilities	38.9	60.7	67.5
Debt	69.5	81.6	14.2
<b>Total Liabilities</b>	<b>\$455.7</b>	<b>\$544.2</b>	<b>\$454.7</b>
Noncontrolling interest	24.5	29.2	36.6
Equity	351.0	361.3	397.8
<b>Total Liabilities &amp; Equity</b>	<b>\$831.2</b>	<b>\$934.7</b>	<b>\$889.1</b>
<b>Net Cash / (Debt)</b>	<b>(\$50.2)</b>	<b>(\$56.8)</b>	<b>\$0.9</b>

# Segment Results

(in millions)	Three Months Ended		Six Months Year to Date	
	March 31,		March 31,	
	2022	2023	2022	2023
Revenue				
Communications	\$130.6	\$141.1	\$258.0	\$288.4
Residential	260.4	306.1	502.2	624.2
Infrastructure Solutions	41.7	52.6	83.8	101.9
Commercial & Industrial	68.8	69.0	138.1	129.3
<b>Total Revenue</b>	<b>\$501.6</b>	<b>\$568.9</b>	<b>\$982.1</b>	<b>\$1,143.8</b>
Operating Income (Loss)				
Communications	\$0.2	\$11.8	\$9.3	\$21.2
Residential	11.9	16.8	23.5	37.3
Infrastructure Solutions	0.7	8.2	2.4	12.9
Commercial & Industrial <sup>(1)</sup>	(13.6)	0.4	(12.0)	11.4
Corporate	(4.0)	(5.6)	(7.7)	(10.5)
<b>Total Operating Income (Loss)</b>	<b>(\$4.9)</b>	<b>\$31.6</b>	<b>\$15.3</b>	<b>\$72.3</b>

<sup>(1)</sup> Commercial & Industrial's operating income for the six months ended March 31, 2023 includes a pretax gain of \$13.0 million related to the sale of STR Mechanical.

# Non-GAAP Reconciliation of Adjusted EBITDA

(in millions)	Three Months Ended		Six Months Year to Date	
	March 31,		March 31,	
	2022	2023	2022	2023
Net income attributable to IES Holdings, Inc.	(\$5.4)	\$21.6	\$9.1	\$48.0
Provision for income taxes	(1.3)	8.2	2.7	18.2
Interest & other expense, net	0.4	(0.7)	1.6	1.2
Depreciation and amortization	6.2	6.9	12.4	13.3
EBITDA	(\$0.1)	\$35.9	\$25.7	\$80.6
Gain on Sale of STR Mechanical	-	-	-	(13.0)
Non-cash equity compensation expense	1.0	1.1	1.9	2.0
Adjusted EBITDA	\$0.9	\$36.9	\$27.6	\$69.6

# Non-GAAP Reconciliation of Remaining Performance Obligations to Backlog

(in millions)	<u>March 31, 2022</u>	<u>September 30, 2022</u>	<u>March 31, 2023</u>
Remaining performance obligations	\$835	\$967	\$1,012
Agreements without an enforceable obligation <sup>(1)</sup>	<u>247</u>	<u>319</u>	<u>377</u>
Backlog	\$1,082	\$1,286	\$1,389

<sup>(1)</sup> Our backlog contains signed agreements and letters of intent which we do not have a legal right to enforce prior to work starting. These arrangements are excluded from remaining performance obligations until work begins.