



Your Mission Is Our Passion

# Investor Presentation

**DECEMBER 2021**



# Forward-looking statements

## **“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995:**

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or DLH’s future financial performance. Any statements that refer to expectations, projections or other characterizations of future events or circumstances or that are not statements of historical fact (including without limitation statements to the effect that the Company or its management “believes”, “expects”, “anticipates”, “plans”, “intends” and similar expressions) should be considered forward looking statements that involve risks and uncertainties which could cause actual events or DLH’s actual results to differ materially from those indicated by the forward-looking statements. Forward-looking statements reflect our belief and assumptions as to future events that may not prove to be accurate. Our actual results may differ materially from such forward-looking statements made in this presentation due to a variety of factors, including: the outbreak of the novel coronavirus (“COVID-19”), including the measures to reduce its spread, and its impact on the economy and demand for our services, which are uncertain, cannot be predicted, and may precipitate or exacerbate other risks and uncertainties; the failure to achieve the anticipated benefits of any acquisition (including anticipated future financial operating performance and results); diversion of management’s attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from the acquisition; the inability to retain employees and customers; contract awards in connection with re-competes for present business and/or competition for new business; compliance with bank financial and other covenants; changes in client budgetary priorities; government contract procurement (such as bid and award protests, small business set asides, loss of work due to organizational conflicts of interest, etc.) and termination risks; the ability to successfully integrate the operations of our most recent acquisition and any future acquisitions; and other risks described in our SEC filings. For a discussion of such risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in the Company’s periodic reports filed with the SEC, including our Annual Report on Form 10-K for the fiscal year ended September 30, 2021, as well as subsequent reports filed thereafter. The forward-looking statements contained herein are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry and business. Such forward-looking statements are made as of the date hereof and may become outdated over time. The Company does not assume any responsibility for updating forward-looking statements, except as may be required by law.



# Agenda

01

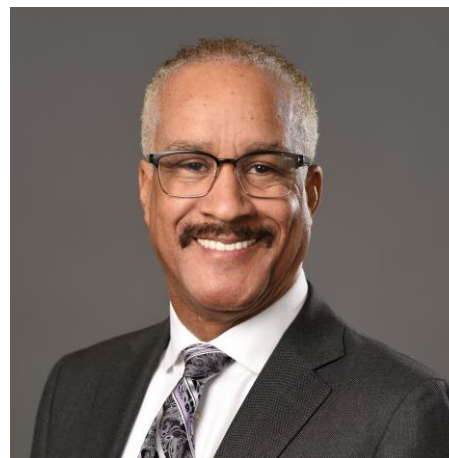
Overview

02

Financial Highlights

03

Q & A



**Zach Parker**  
*President and CEO*  
*DLH Holdings Corp.*



**Kathryn JohnBull**  
*CFO*  
*DLH Holdings Corp.*

# Delivering health and readiness solutions through research, development, and innovative care processes



Solving complex problems faced by Federal civilian and military customers



Leveraging digital transformation, AI/ML, data analytics, secure cloud computing, modeling & simulation, telehealth, and more.



Well-balanced combination of government experience, proven methodology, and unwavering commitment



World-class workforce of skilled employees dedicated to improving public health

## Core Competencies



Digital Transformation



Health and Medical Research




Health Care Delivery



Performance Evaluation

# Serving key federal health agencies and departments


**Department of Defense**



**Department of Veterans Affairs**



**Department of Health and Human Services**



**Department of Homeland Security**



**Defense Health Agency**




**Veterans Health Agency**



**National Institutes of Health**



**Centers for Disease Control and Prevention**



**Federal Emergency Management Agency**



# Accomplished leadership team recognized for innovation, expertise

## Corporate Executives



**ZACH PARKER**

President and Chief Executive Officer



**KATHRYN JOHNBULL**

Chief Financial Officer



**JACKIE EVERETT**

Chief Growth Officer



**MALIEK FEREBEE**

Chief Human Resources Officer

## Operating Executives



**KEVIN WILSON**

President, Health & Logistics Services



**HELENE FISHER**

President, Mission Services & Solutions



**JEANINE CHRISTIAN**

President, Public Health & Scientific Research

# Technology, subject matter expertise leveraged to achieve growth



**Feeds new business pipeline filled with sophisticated, high-value opportunities across markets.**

**Phase 2: Acquisition Roadmap  
Defined by Capabilities**

**Fully Executed "Phase 1" of  
Strategic Vision**  
Yielded presence in each Federal health  
market, fulfilling initial stages of  
acquisition roadmap and providing  
platform for significant expansion

2012  
**Long-Range Strategic  
Plan Developed**

2019  
**Acquisition 2:  
Social & Scientific Systems**  
Clinical Research, Data Analytics,  
Infectious Diseases

2010  
**New Leadership Installed**

2016  
**Acquisition 1:  
Danya International**  
Health IT, Compliance/Monitoring

2020  
**Acquisition 3:  
Irving Burton Associates LLC**  
Military Health, AI/ML,  
Modeling & Simulation





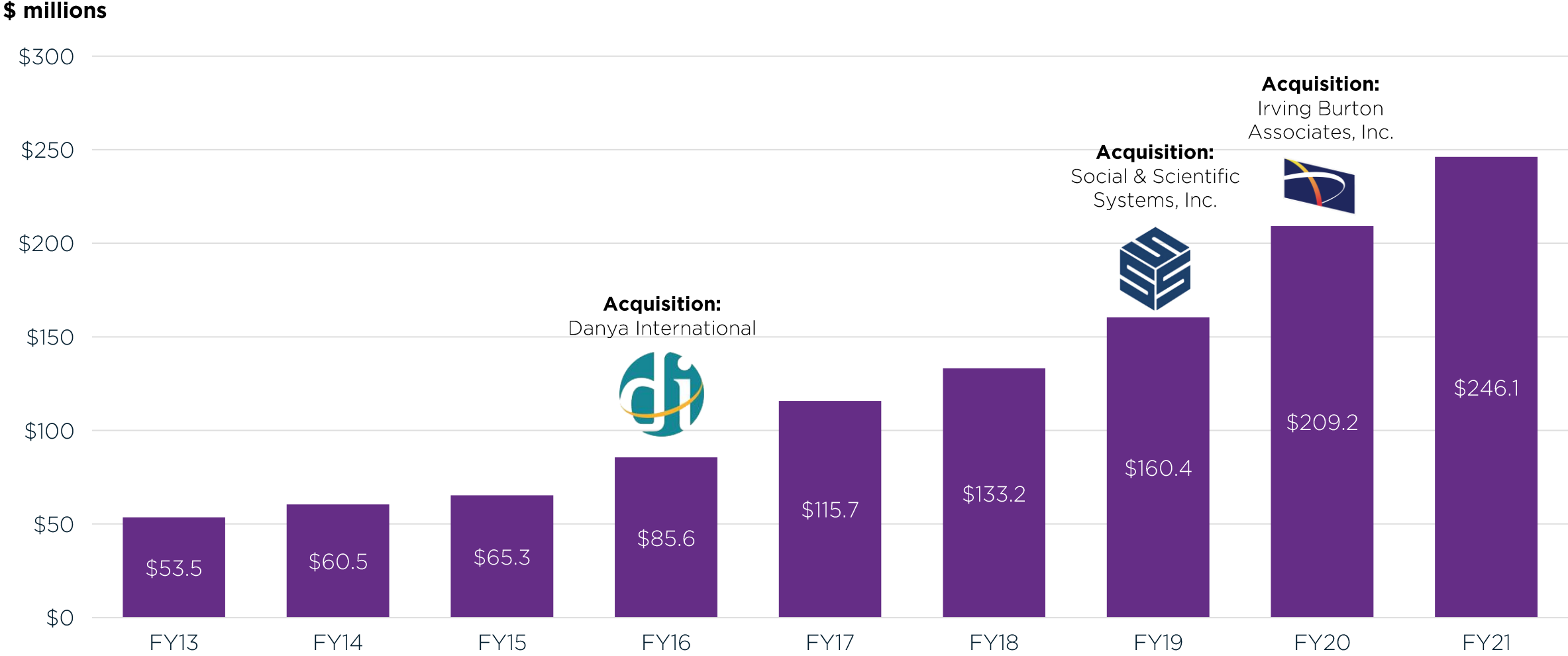
# Financial Highlights

Kathryn JohnBull  
Chief Financial Officer



# A consistent track record of growth...

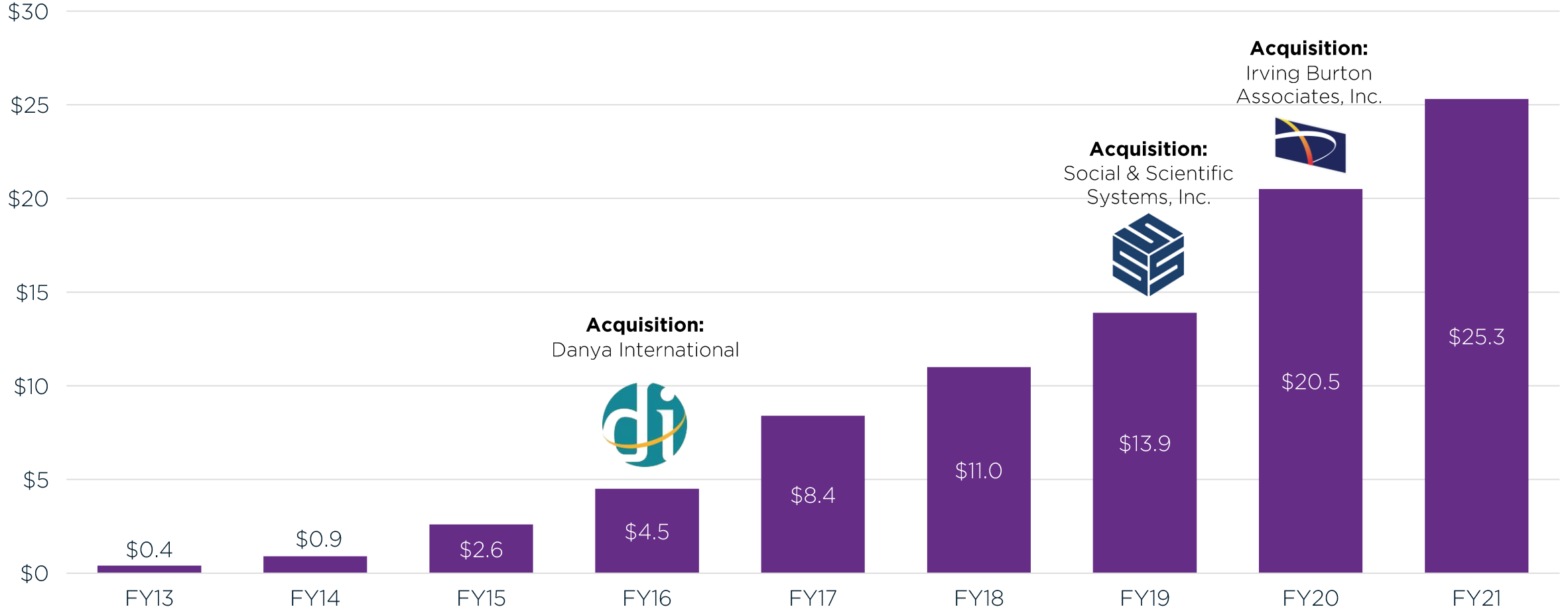
## HISTORICAL REVENUE



# ...and increased value

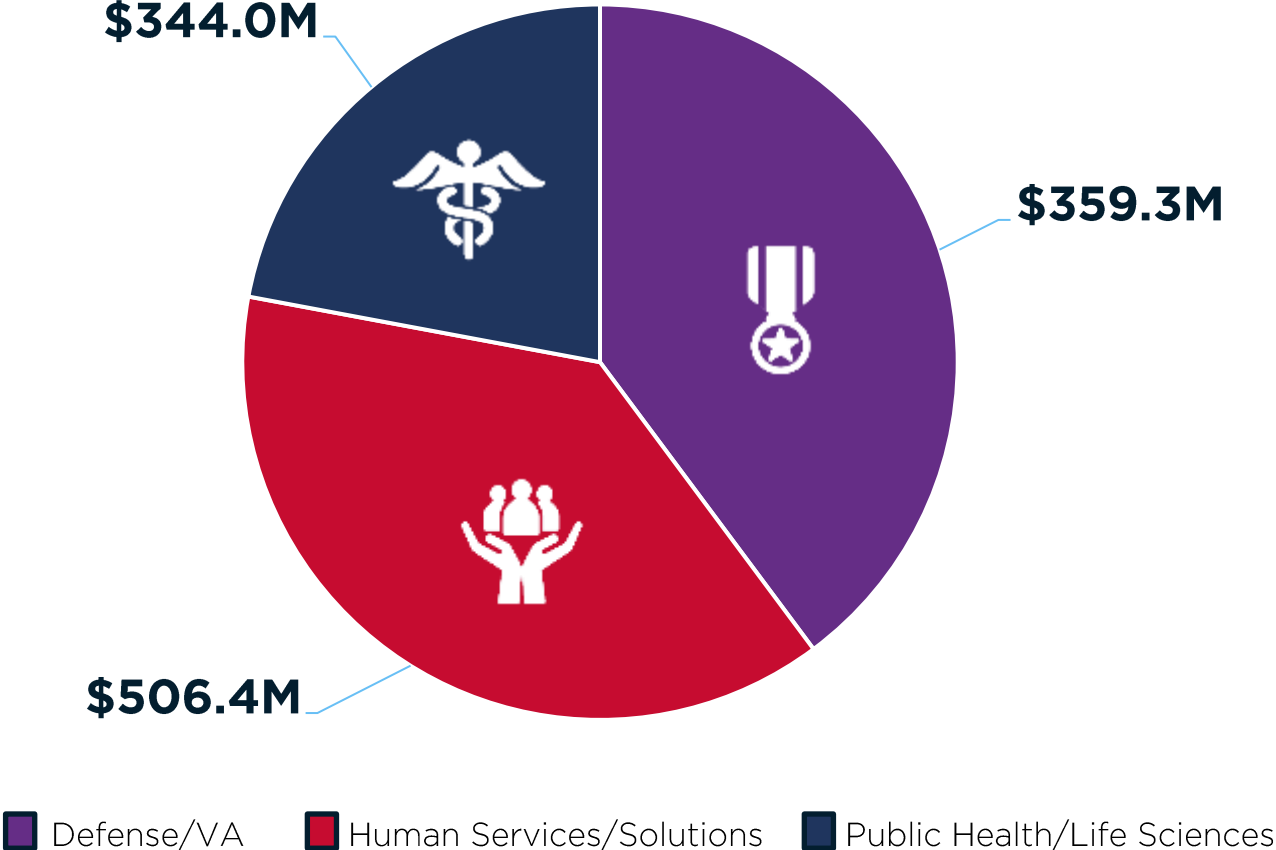
## HISTORICAL EBITDA

\$ millions



# Pipeline

*New opportunities are well distributed across DLH end markets, targeting existing and adjacent agencies.*



# Debt Position and Outlook



(amount in thousands)	06/07/19	09/30/19	09/30/20	09/30/21
<b>Debt</b>				
<i>Term debt (legacy)</i>	\$70,000	\$56,000	\$37,000	\$46,750
<i>Term debt (IBA)</i>	-	-	\$33,000	-
<i>Revolving debt</i>	-	-	-	-
<b>Total debt</b>	<b>\$70,000</b>	<b>\$56,000</b>	<b>\$70,000</b>	<b>\$46,750</b>
Cash on hand*	(1,900)	(1,790)	(1,357)	(2,951)
Net debt	\$68,100	\$54,210	\$68,643	\$43,799
Total leverage ratio	3.47	2.67	2.80	1.81

*Strong cash flow anticipated to fund additional de-levering in fiscal 2022 with a target debt position of between \$29 and \$27 million*

Net Debt is a non-GAAP metric used by investors and lenders and management believes it provides relevant and useful information to investors and other users of our financial data. Net Debt is calculated by subtracting cash and cash equivalents from the sum of current and long-term debt. A reconciliation of the Total Leverage Ratio is included in the back of this presentation.

Note: Cash on hand excludes \$21.1 million of contract start-up funding on the FEMA Medical Staffing Project



# Execution of Strategic Vision Positions DLH to Tackle Next Stage



## Embraced COVID-19 Leadership Role

Met operational challenges associated with pandemic, embraced leading role in nation's medical and scientific response



## Strong Demand for Services

Secure cloud computing, digital transformation, modeling & simulation, health IT major customer initiatives



## Recent Acquisitions Fully Integrated

Irving Burton Associates (2020), Social & Scientific Systems (2019) fully integrated, contributing wins, bolstering capabilities



## Forward-Looking Leadership

Executive Leadership Team prepared to oversee company's next stage, accelerate growth trajectory



## Proven Success in Competitive Bidding Environments

FY21Q4, DLH announces awards with aggregate ceiling value of over \$120 million



## Entering "Phase 2" of Strategic Vision

Growth to date provides platform for significant expansion; "Phase 2" of acquisition roadmap to be marked capability development

# Q&A



# Appendix

## Non-GAAP Reconciliations

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This document contains non-GAAP financial information including EBITDA and EBITDA as a percentage of revenue. Management uses this information in its internal analysis of results and believes this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results, and providing meaningful period-to-period comparisons. These measures should be used in conjunction with, rather than instead of, their comparable GAAP measures. A reconciliation of non-GAAP measures to the comparable GAAP measures is presented in this document. The Company defines EBITDA as net income excluding interest expense, provision for or benefit from income taxes, and depreciation and amortization; EBITDA as a percent of revenue is EBITDA divided by revenue. Definitions of the other non-GAAP measures we use in the presentation are contained in the Company's most recent earnings press release, which is available on the investor relations section of our web site at [www.dlhcorp.com](http://www.dlhcorp.com).

## Debt Covenant

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We are also including Total Leverage Ratio in this presentation. Total Leverage Ratio is used for the purpose of testing the Maximum Total Leverage Ratio covenant in our Amended and Restated Credit Agreement dated September 30, 2020 (the "Credit Agreement"), which provides for a maximum total leverage ratio of 3.75 to 1.00 for all periods from closing date to September 30, 2021. Management considers the Total Leverage Ratio to be an important indicator of the Company's ability to incur additional debt, its ability to service existing debt and the extent of our compliance with the leverage covenant in the Credit Agreement. We believe that analysts and investors use this metric to assess the Company's ability to service existing debt and our liquidity, generally. The reconciliation of the Total Leverage Ratio is presented in the appendix to this presentation. As used in this presentation, Total Leverage Ratio, which is not calculated in accordance with GAAP, is defined as total debt as of the respective date(s) presented herein, divided by Consolidated EBITDA for the period(s) then ended. Total Leverage Ratio and Consolidated EBITDA are calculated in accordance with the Credit Agreement.

# Trending EBITDA Reconciliation

<i>(amounts in thousands)</i>	Twelve Months Ended								
	September 30,								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (loss)/income	\$ (159)	\$ 5,357	\$ 8,728	\$ 3,384	\$ 3,288	\$ 1,836	\$ 5,324	\$ 7,114	\$ 10,145
(i) Interest expense/other (income)	407	4	(744)	823	1,228	1,116	2,473	3,441	3,784
(ii) (Benefit)/provision for taxes	-	(4,597)	(5,488)	(938)	2,114	5,830	2,171	2,906	3,294
(iii) Depreciation and amortization	121	106	55	1,244	1,754	2,242	3,956	7,003	8,115
<b>EBITDA</b>	<b>\$ 369</b>	<b>\$ 870</b>	<b>\$2,551</b>	<b>\$4,513</b>	<b>\$ 8,384</b>	<b>\$11,024</b>	<b>\$13,924</b>	<b>\$20,464</b>	<b>\$25,338</b>
Revenue	\$53,506	\$60,493	\$65,346	\$85,602	\$115,662	\$133,236	\$160,391	\$209,185	\$246,094
Net income as a % of revenue	-0.3%	8.9%	13.4%	4.0%	2.8%	1.4%	3.3%	3.4%	4.1%
EBITDA as a % of revenue	0.7%	1.4%	3.9%	5.3%	7.2%	8.3%	8.7%	9.8%	10.3%

# Reconciliation of Leverage Ratio

<u>(amount in thousands)</u>	<u>S3</u> <u>Acquisition</u> <u>06/07/19</u>	<u>09/30/19</u>	<u>IBA</u> <u>Acquisition</u> <u>9/30/20</u>	<u>9/30/21</u>
Term Loan	\$ 70,000	\$ 56,000	\$ 70,000	\$ 46,750
Revolving Credit Loan	-	-	-	-
Letters of Credit	-	1,745	1,990	2,095
Total Funded Debt	\$ 70,000	\$ 57,745	\$ 71,990	\$ 48,845
Consolidated EBITDA	\$ 20,162	\$ 21,664	\$ 25,678	\$ 26,997
Total Leverage Ratio	3.47	2.67	2.80	1.81

Consolidated EBITDA and Total Funded Debt are calculated as per the Company's Credit Agreement.





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