



Your Mission Is Our Passion

# Noble Capital Markets' Virtual Road Show

JULY 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 future acquisitions (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 any future acquisitions; the inability to retain any future acquisitions' employees and customers; contract awards in connection with recompetes 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 protest, 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 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, 2020, 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



Overview



Financial Highlights



Q & A



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



**Kathryn JohnBull**  
Chief Financial Officer  
DLH Holdings Corp.

# Business at-a-Glance

## Overview

**Founded:** 1969

**Headquarters:** Atlanta, GA

**Additional Offices:**

- Silver Spring, MD
- Falls Church, VA
- Durham, NC
- Kampala, UG

**Nasdaq:** DLHC

**Public Since:** 1986

**Employees:** ~2,200

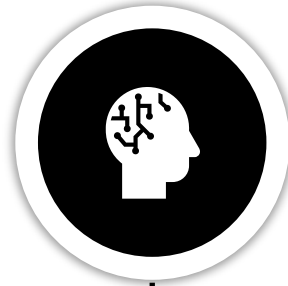
**Locations:** > 30 locations in the US and overseas

## Core Competencies



### Digital Transformation

Health IT DME  
Cloud Migration and Computing  
Data Science and Analytics  
AI, ML, RPA Application



### Health and Medical Research

Clinical Trials and Research  
Public Health Research  
Medical Modeling and Simulation  
Medical Systems RDT & E



### Health Care Delivery

Pharmacy/Medication Therapy Management  
Health Readiness Assessment  
Point of Care Treatment  
Telehealth



### Performance Evaluation

Health Services Assessment  
Performance Monitoring and Compliance  
Capacity Building  
Fraud, Waste, and Abuse

## Market Focus Areas



**Defense & Veteran Solutions**



**Human Services & Solutions**



**Public Health & Life Sciences**

# Key Customers





# Leverage Technology Differentiators to Achieve Growth

## Clinical Management Info System

Promotes retention and recruitment of study participants

## Virtual Pharmacy

Allows remote consultative support for military and disabled Veterans' dependents

## Telehealth

Provides access to simulation and consultation for deployed military personnel

## Study Enrollment System

Supports engagement of medical institutions

## Mobile Health

Enhances participation in public health studies

## Infinibyte® Cloud

Cloud-based PaaS solution platform for large scale/Big Data secure data analytics



## SPOT-m™

Integrated tool suite to Measure, Manage and Optimize performance focused on Productivity and Quality metrics

## e-PRAT™

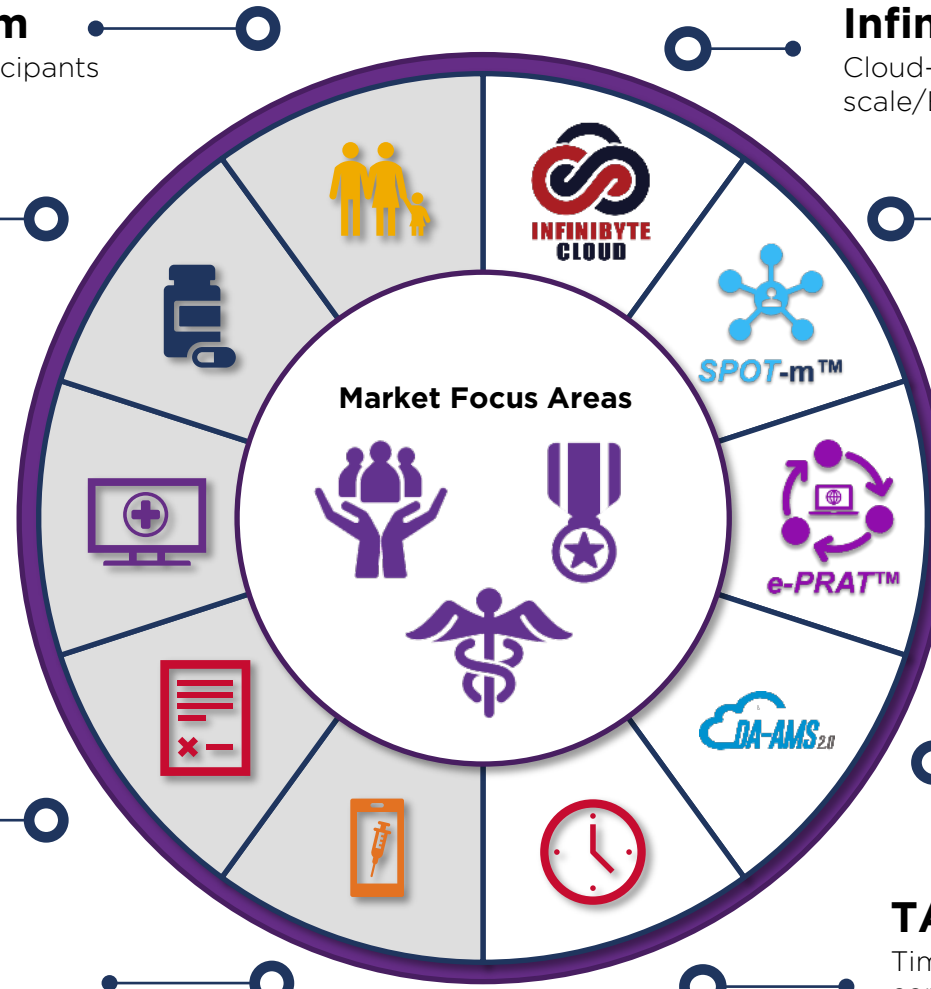
Practitioner Resource Allocation Tool for HCPs and related SMEs

## AMS 2.0

Next generation aligned monitoring system for evaluating grants programs for compliance, fraud, and quality improvement

## TAMS

Time & Absence Management System a key component of SPOT-m™



# Consistently Recognized for Health IT Innovation



DEVELOPED AND SUSTAINED A VA PRODUCTION ANALYTICS MODEL THAT IMPROVED OVERALL QUALITY OF SERVICE TO VETERANS



IMPLEMENTED AN ONLINE PORTAL THAT ENABLES VIRTUAL MEDICAL APPOINTMENTS, PHARMACY REFILLS, AND COVID-19 TEST RESULT NOTIFICATIONS FOR DHA

2016



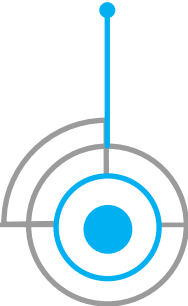
2017



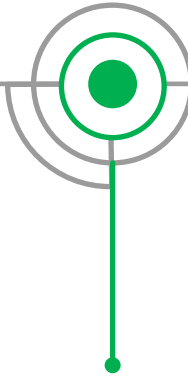
2019



2020



2021



**AMS 2.0:** LARGE-SCALE SYSTEM MODERNIZATION AND INTEGRATION EFFORT FOR HHS



LEADING MISSION-FOCUSED STRATEGIC PROGRAMS ACROSS THE FEDERAL TECHNOLOGY AND CONSULTING COMMUNITY



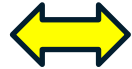
**NETCCN:** SUPPORT FOR DIGITAL HEALTH ECOYSTEM WHICH VIRTUALLY EXTENDS CRITICAL CARE CAPABILITIES

**VALOR:** IMPLEMENTING A JOINT MEDICAL LOGISTICS ENTERPRISE SYSTEM ACROSS VA AND DHA

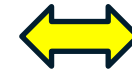


# Integration of Technology and Health Expertise

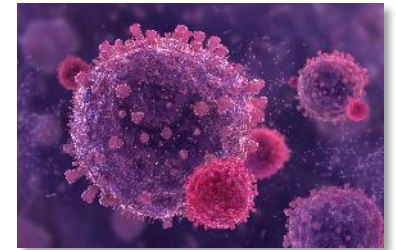
Cloud Architects  
Biomedical Engineers  
Aeronautical Engineers  
Modeling & Simulation Engineers  
Agile System Developers  
Scrum Masters  
Robotics Engineers  
CISSP (Certified Information Security Professionals)  
AI/ML Engineers



Laboratory Scientists  
Research Analysts  
Clinical Data Managers  
Clinical Research Scientists/Professionals  
Epidemiologists  
Data Scientists  
Biostatisticians  
Principal Investigators  
Quality and Regulatory Officers



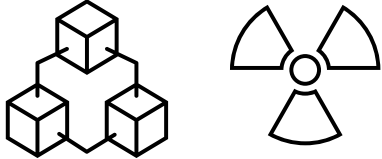
EMTs  
Nurse Practitioners  
Nurses  
Physicians  
Pharmacists  
Psychiatrists  
Clinical Psychologists  
Social Workers





# Delivering on Strategy Across the Business

## Diversification & Mission-Criticality



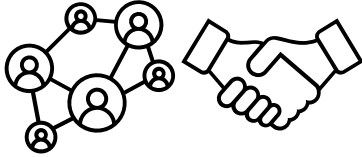
Strategy execution has yielded a **presence in each key Federal health/human services market:**



Defense & Veteran Health    Human Services & Solutions    Public Health & Life Sciences

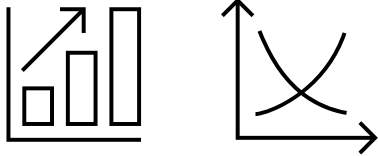
Anchor programs providing long-term revenue visibility in each market segment.

## Top Talent with Best Practices



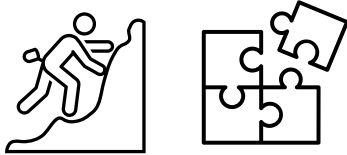
**Premier executive team** with diverse leadership experiences gained from a range of industry leaders

## Revenue & EBITDA Growth



Achieved by **organic and acquisitive growth** on more complex and differentiated programs, leveraging our operating structure which is well-suited to manage \$300-500M in revenue.

## Strategic Capital Deployment



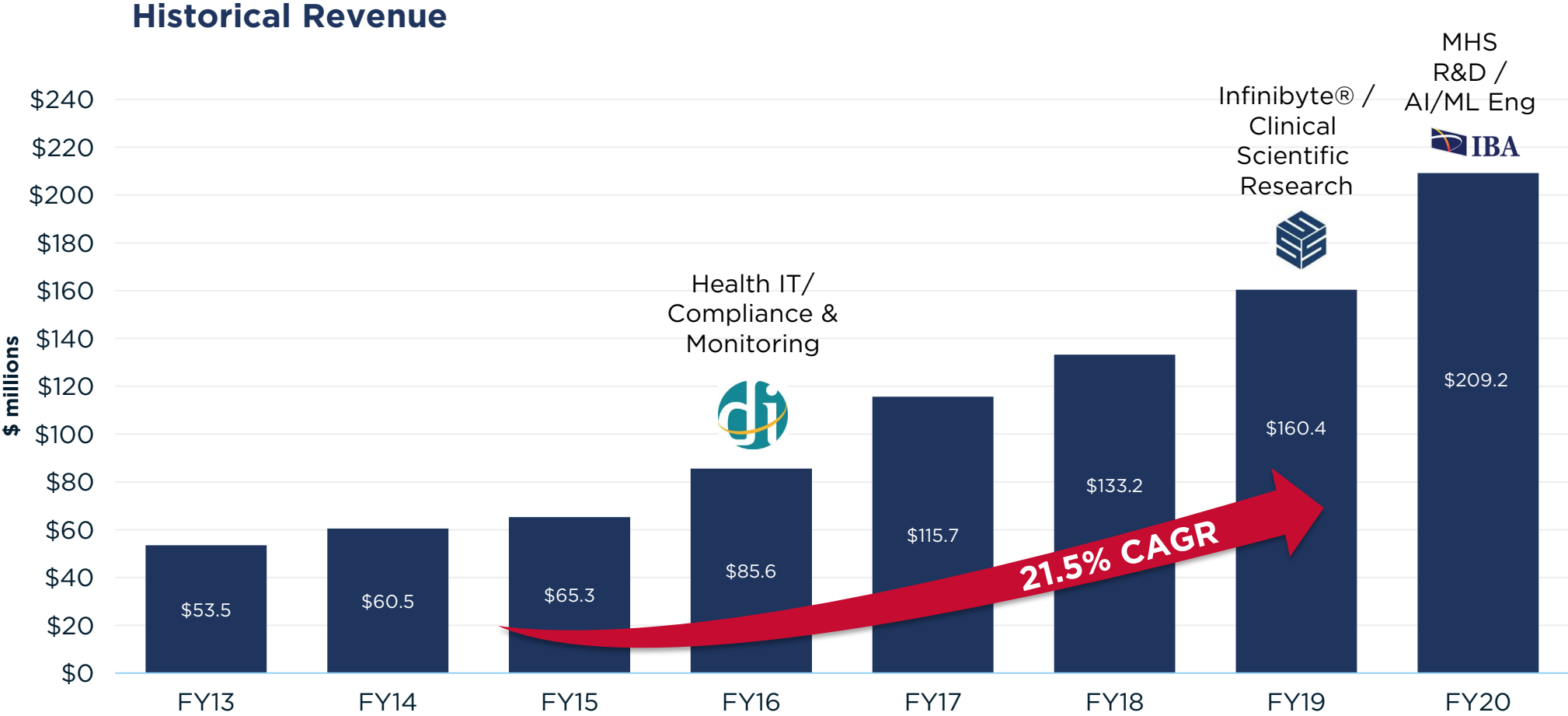
**Robust YoY growth** accomplished largely via senior debt financing, with minimal (<10%) equity dilution



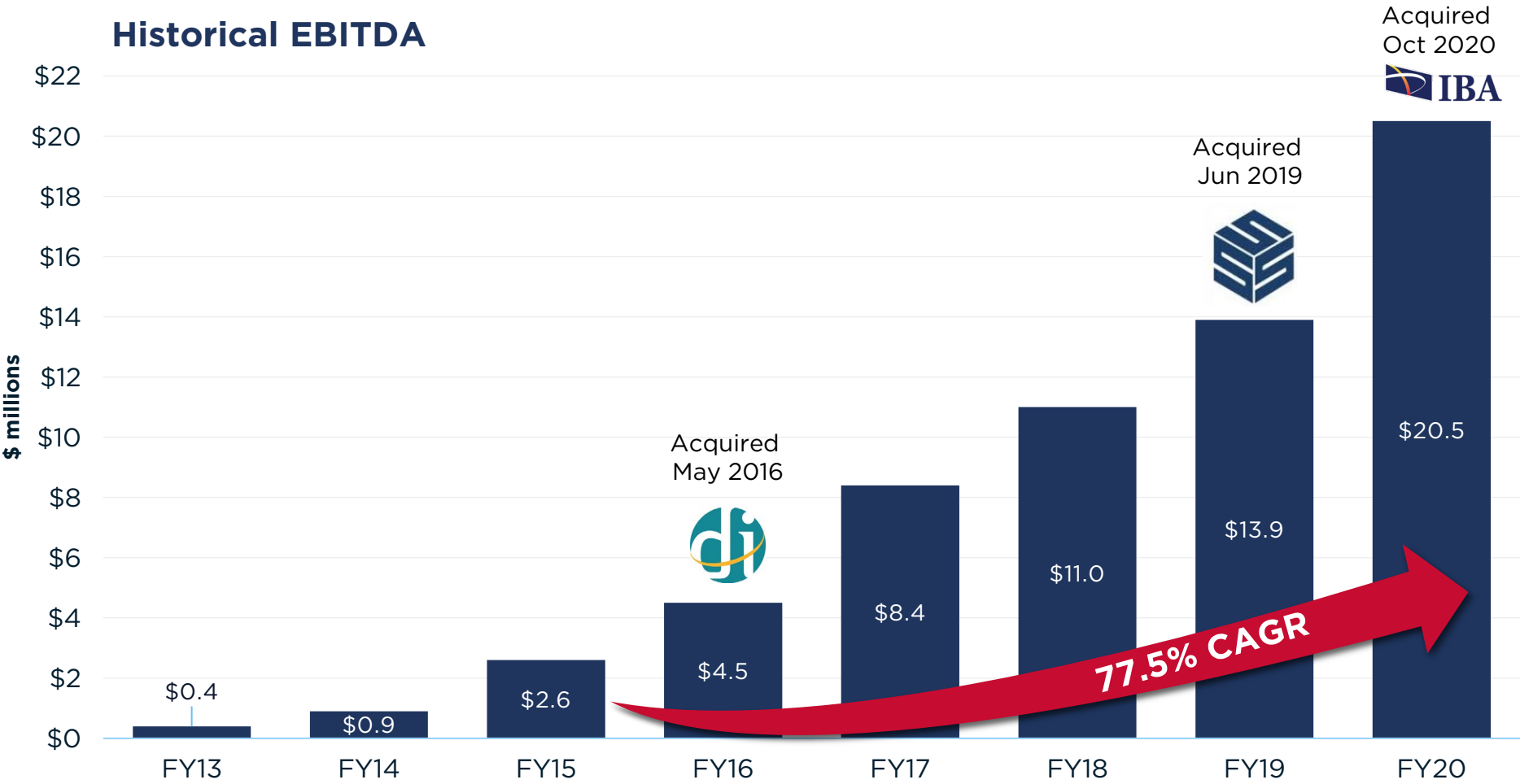
# Financial Highlights

Kathryn JohnBull | Chief Financial Officer

# Strategically Building a Powerful Health IT Portfolio

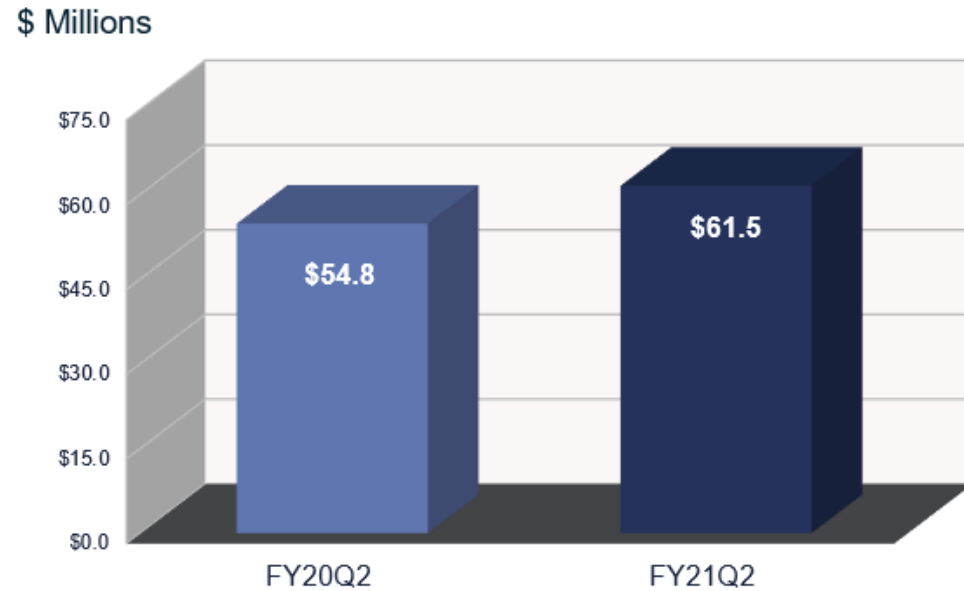


# ...Resulting in Increased Value

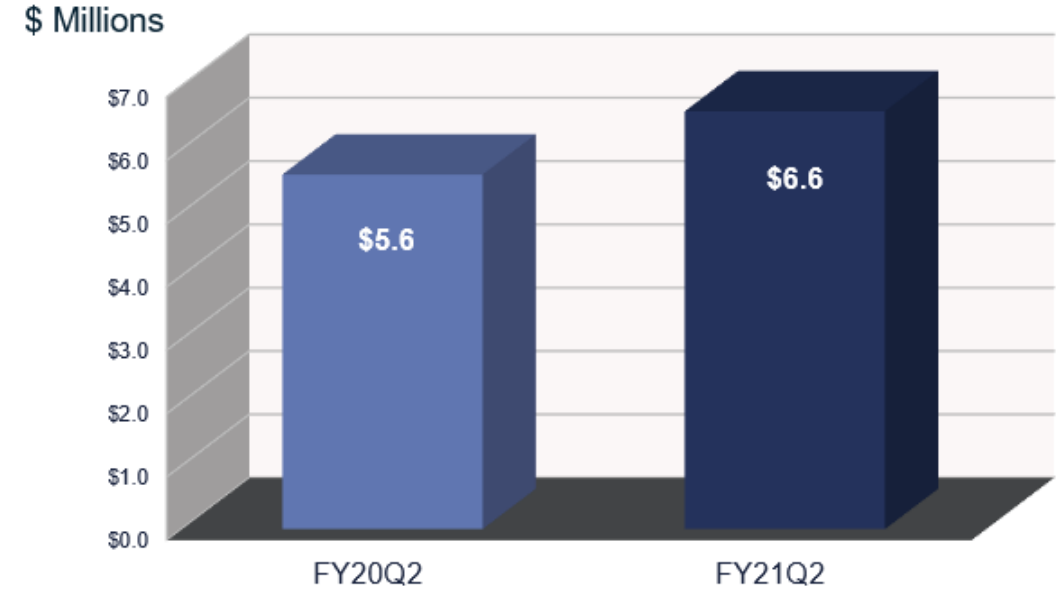


# Recent Financials - FY2021 Q2 (period ending 3/31/2021)

## Revenue



## EBITDA



A reconciliation of net income to EBITDA and EBITDA as a percentage of revenue is provided in the back of this presentation.



# Debt Position and Outlook (period ending 3/31/2021)

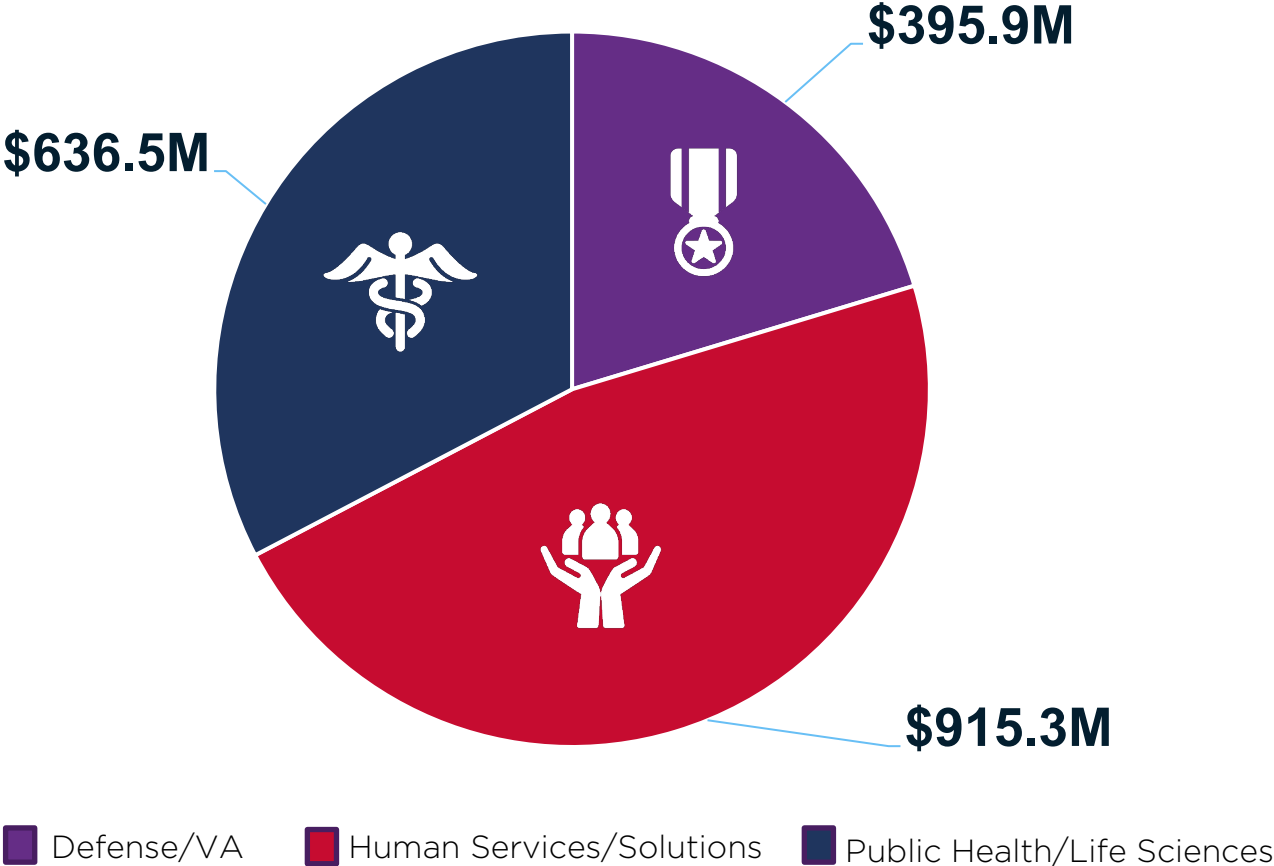
(amount in thousands)	<u>S3</u>		<u>IBA</u>		
	<u>Acquisition</u>		<u>Acquisition</u>		
	06/07/19	09/30/19	9/30/20	12/31/20	3/31/21
<b>Debt</b>					
Term debt (legacy)	\$ 70,000	\$ 56,000	\$ 37,000	\$ 68,250	\$ 62,750
Term debt (IBA)	-	-	33,000	-	-
Revolving debt	-	-	-	9,150	-
<b>Total debt</b>	<b>70,000</b>	<b>56,000</b>	<b>70,000</b>	<b>77,400</b>	<b>62,750</b>
<b>Cash on hand</b>	<b>(1,900)</b>	<b>(1,790)</b>	<b>(1,357)</b>	<b>(370)</b>	<b>(420)</b>
<b>Net debt</b>	<b>\$ 68,100</b>	<b>\$ 54,210</b>	<b>\$ 68,643</b>	<b>\$ 77,030</b>	<b>\$ 62,330</b>
<b>Total Leverage Ratio</b>	<b>3.47</b>	<b>2.67</b>	<b>2.80</b>	<b>3.04</b>	<b>2.44</b>

Strong operating cash flow anticipated for remainder of fiscal 2021, leading to a projected year-end debt balance of \$50 to \$52 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.

# Healthy New Business Pipeline (as of 6/30/21)

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



# Next Chapter – Positioned to Drive Higher Returns



## **Collaborate, Innovate, and Accelerate for Growth**

Leverage recent infusion of new Leadership Talent

Effective integration with robust growth engine

Broad capabilities aligned with customers' growth initiatives.



## **Secure cloud computing, AI, and digital transformation**

Certified PaaS / IaaS solution for Cyber and Health IT markets

Major government-wide Health IT IDIQs on the horizon

Complements expanded Agile, DevOps, Artificial Intelligence



**Leveraging a balanced portfolio, stronger company, and ultimately, enhanced shareholder value.**



# Q & A

Zach Parker | President & Chief Executive Officer  
Kathryn JohnBull | Chief Financial Officer

# Appendix

## Non-GAAP Reconciliations

---

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

---

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

(amounts in thousands)	Twelve Months Ended							
	September 30,							
	2013	2014	2015	2016	2017	2018	2019	2020
Net (loss)/income	\$ (159)	\$ 5,357	\$ 8,728	\$ 3,384	\$ 3,288	\$ 1,836	\$ 5,324	\$ 7,114
(i) Interest expense/other (income)	407	4	(744)	823	1,228	1,116	2,473	3,441
(ii) (Benefit)/provision for taxes	-	(4,597)	(5,488)	(938)	2,114	5,830	2,171	2,906
(iii) Depreciation and amortization	121	106	55	1,244	1,754	2,242	3,956	7,003
<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>
Revenue	\$ 53,506	\$ 60,493	\$ 65,346	\$ 85,602	\$ 115,662	\$ 133,236	\$ 160,391	\$ 209,185
EBITDA as a % of revenue	0.7%	1.4%	3.9%	5.3%	7.2%	8.3%	8.7%	9.8%

# FY2021 Q2 EBITDA Reconciliation

(amounts in thousands)

	Three Months Ended			Six Months Ended		
	March 31,			March 31,		
	2021	2020	Change	2021	2020	Change
Net income	\$ 2,567	\$ 2,076	\$ 491	\$ 4,381	\$ 3,628	\$ 753
(i) Interest expense, net	1,004	906	98	2,084	1,846	238
(ii) Provision for taxes	1,049	855	194	1,790	1,488	302
(iii) Depreciation and amortization	2,029	1,760	269	4,091	3,619	472
<b>EBITDA</b>	<b>\$ 6,649</b>	<b>\$ 5,597</b>	<b>\$ 1,052</b>	<b>\$ 12,346</b>	<b>\$ 10,581</b>	<b>\$ 1,765</b>
Net income as a % of revenue	4.2 %	3.7 %	0.5 %	3.7 %	3.4%	0.3%
EBITDA as a % of revenue	10.8 %	10.2 %	0.6 %	10.3 %	9.9%	0.4%
Revenue	\$ 61,506	\$ 54,798	\$ 6,708	\$ 119,358	\$ 107,036	\$ 12,322

# Reconciliation of Leverage Ratio

(amount in thousands)	<u>S3</u> <u>Acquisition</u>		<u>IBA</u> <u>Acquisition</u>		
	06/07/19	09/30/19	9/30/20	12/31/20	3/31/21
<b>Term Loan</b>	\$ 70,000	\$ 56,000	\$ 70,000	\$ 68,250	\$ 62,750
<b>Revolving Credit Loan</b>	-	-	-	9,150	-
<b>Letters of Credit</b>	-	1,745	1,990	1,990	1,990
<b>Total Funded Debt</b>	\$ 70,000	\$ 57,745	\$ 71,990	\$ 79,390	\$ 64,740
<b>Consolidated EBITDA</b>	\$ 20,162	\$ 21,664	\$ 25,678	\$ 26,082	\$ 26,503
<b>Total Leverage Ratio</b>	<b>3.47</b>	<b>2.67</b>	<b>2.80</b>	<b>3.04</b>	<b>2.44</b>

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



Your Mission Is Our Passion





Your Mission Is Our Passion

