UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
(Amendment No. 1 to Form 8-K filed December 14, 2022)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): December 8, 2022

DLH Holdings Corp.
(Exact Name of Registrant as Specified in Charter)

New Jersey	0-18492	22-1899798
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

3565 Piedmont Road, NE, Building 3, Suite 700
Atlanta, GA 30305
(Address of Principal Executive Offices, and Zip Code)

(770) 554-3545
Registrant's Telephone Number, Including Area Code

(Former Name or Former Address, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	DLHC	Nasdaq Capital Market

CHECK THE APPROPRIATE BOX BELOW IF THE FORM 8-K FILING IS INTENDED TO SIMULTANEOUSLY SATISFY THE FILING OBLIGATION OF THE REGISTRANT UNDER ANY OF THE FOLLOWING PROVISIONS::

Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

This Current Report on Form 8-K/A is filed as an amendment (the “Amendment”) to the Current Report on Form 8-K filed on December 14, 2022 (the “Original Form 8-K”) by DLH Holdings Corp. (“DLH” or the “Company”) in order to provide financial information required by Item 9.01 of the Original Form 8-K. As previously reported in the Original Form 8-K, DLH acquired Grove Resource Solutions, LLC (“GRSi”) pursuant to an Equity Purchase Agreement dated December 8, 2022 (the “Purchase Agreement”) by and among DLH, GRSi, the equity holders of the Seller, and Omega D and D Corporation (the “Seller”) and the Sellers' Representative. The acquisition was completed on December 8, 2022 and GRSi became a direct, wholly-owned subsidiary of DLH on such date (the “Acquisition”). The Original Form 8-K is amended by this Amendment on Form 8-K/A to present certain financial statements of GRSi and to present certain unaudited pro forma financial information in connection with the Acquisition. GRSi’s financial statements and the unaudited pro forma information of DLH and its subsidiaries are filed as exhibits hereto. The foregoing description of the Purchase Agreement and the transactions contemplated therein is not complete and is subject to, and qualified in its entirety by, the full text of the Purchase Agreement, which was attached as Exhibit 2.1 to the Original Form 8-K and incorporated herein by reference. Items and exhibits previously reported in the Original Form 8-K that are not included in this Amendment remain unchanged.

Item 7.01 Regulation FD Disclosure.

In addition to the unaudited pro forma financial information filed as Exhibit 99.3 to this Current Report on Form 8-K/A, DLH has prepared, and has furnished as Exhibit 99.4 to this Current Report on Form 8-K/A, certain non-GAAP financial information to present the unaudited pro-forma EBITDA of DLH for the fiscal year ended September 30, 2022 as if its acquisition of GRSi was consummated on October 1, 2021. A reconciliation of the non-GAAP pro-forma financial information included in Exhibit 99.4 to the most directly comparable financial measures prepared in accordance with generally accepted accounting principles (GAAP) is also included in Exhibit 99.4. DLH uses EBITDA as supplemental measures of its performance. Management believes this information may be informative to investors in evaluating the Company’s ongoing operating and financial results, identifying trends, and understanding how such results compare with its historical performance. It is not meant to be considered in isolation or as a substitute for comparable GAAP measures and should only be read in conjunction with the Company’s financial statements prepared in accordance with GAAP.

The information in Item 7.01 of this Current Form 8-K/A and Exhibit 99.4 attached hereto is being furnished, and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. Furthermore, the information contained in this Item 7.01 and Exhibit 99.4 shall only be incorporated by reference in another filing under the Securities Exchange Act of 1934 or the Securities Act of 1933 only if and to the extent such subsequent filing specifically references the information incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired*

The audited balance sheets of Grove Resource Solutions, Inc. as of December 31, 2021 and 2020, and the related statements of income, changes in stockholders' equity and cash flows for the years ended December 31, 2021 and 2020, the notes to the financial statements and the independent auditor’s report are filed as Exhibit 99.1 to this Current Report on Form 8-K/A and are incorporated by reference herein.

The unaudited balance sheet of Grove Resource Solutions, Inc. as of September 30, 2022 and the related unaudited statements of income, changes in stockholders' equity and cash flows for the nine month periods ended September 30, 2022 and 2021, and the notes to the unaudited financial statements are filed as Exhibit 99.2 to this Current Report on Form 8-K/A and are incorporated by reference herein.

(b) *Pro Forma Financial Information*

The unaudited pro forma condensed combined balance sheet of DLH Holdings Corp. and its subsidiaries as of September 30, 2022 and the unaudited pro forma condensed combined statement of operations of DLH Holdings Corp. and its subsidiaries for the year ended September 30, 2022, giving effect to the acquisition of GRSi are filed as Exhibit 99.3 to this Current Report on Form 8-K/A and are incorporated by reference herein.

(d) *Exhibits*

The following exhibit is attached to this Current Report on Form 8-K:

Exhibit Number	**Exhibit Title or Description**
23.1	Consent of CohnReznick, LLP.
99.1	Audited balance sheets of Grove Resource Solutions, Inc. as of December 31, 2021 and 2020 and the related statements of income, changes in stockholders' equity and cash flows for the years ended December 31, 2021 and 2020, the notes to the financial statements and the independent auditor’s report.
99.2	Unaudited financial statements of Grove Resource Solutions, Inc. as of September 30, 2022 and for the nine months ended September 30, 2022 and September 30, 2021.
99.3	Unaudited pro forma condensed combined balance sheet of DLH Holdings Corp. and its subsidiaries as of September 30, 2022 and the unaudited pro forma condensed combined statements of operations of DLH Holdings Corp. and its subsidiaries for the year ended September 30, 2022 giving effect to the acquisition of Grove Resource Solutions, LLC.
99.4	Unaudited pro forma presentation of EBITDA and non-GAAP financial measures*
104	Cover Page Interactive Data File (embedded within Online XBRL document)

* Furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

DLH Holdings Corp.

By: /s/ Kathryn M. JohnBull

Name: Kathryn M. JohnBull
Title: Chief Financial Officer

Date: February 23, 2023

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITOR'S

We hereby consent to the incorporation by reference in the Registration Statements of DLH Holdings Corp. on Form S-3 (File Nos. 333-238882, 333-215405, 333-184912, 333-74478 and 333-120423) and on Form S-8 (File Nos. 333-256329, 333-212702, 333-197374, 333-178830, 333-73426, 333-143951 and 333-225153) of our audit report dated October 31 2022, with respect to the financial statements of Grove Resource Solutions, Inc. as of and for the years ended December 31, 2021 and 2020, included in this Current Report on Form 8-K/A

/s/ CohnReznick LLP

Tysons, Virginia
February 23, 2023

Grove Resource Solutions, Inc.

Financial Statements and
Independent Auditor's Report

December 31, 2021 and 2020

CohnReznick
ADVISORY • ASSURANCE • TAX

Grove Resource Solutions, Inc.

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Independent Auditor's Report

To the Board of Directors and Management
Grove Resource Solutions, Inc.

Opinion

We have audited the financial statements of Grove Resource Solutions, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

CohnReznick LLP

Tysons, Virginia
October 31, 2022

Grove Resource Solutions, Inc.

Balance Sheets
December 31, 2021 and 2020

Assets

	2021	2020
Current assets		
Cash	$ 1,433,720	$ 764,919
Accounts receivable	15,754,119	13,536,004
Other current assets	1,229,887	925,805
Total current assets	18,417,726	15,226,728
Property and equipment, net	709,870	586,689
Other long-term assets	166,785	119,854
Total assets	$ 19,294,381	$ 15,933,271

Liabilities and Stockholders' Equity

	2021	2020
Current liabilities		
Accounts payable and accrued expenses	$ 1,534,436	$ 1,726,522
Accrued payroll and related liabilities	4,649,903	3,959,224
Due to related party	825,495	605,250
Deferred revenue	682	32,966
Other current liabilities	2,808	136,480
Total current liabilities	7,013,324	6,460,442
Deferred rent	984,460	786,517
Total liabilities	7,997,784	7,246,959
Stockholders' equity		
Common stock, $1.00 par value, authorized 100,000 shares; issued and outstanding 3,077 and 3,077 at December 31, 2021 and 2020, respectively	3,077	3,077
Additional paid-in capital	934,381	934,381
Retained earnings	10,359,139	7,748,854
Total stockholders' equity	11,296,597	8,686,312
Total liabilities and stockholders' equity	$ 19,294,381	$ 15,933,271

See Notes to Financial Statements.

Grove Resource Solutions, Inc.

Statements of Income
Years Ended December 31, 2021 and 2020

	2021	2020
Revenue	$ 91,791,063	$ 78,914,598
Cost of operations		
Direct costs	57,272,543	50,036,432
Indirect costs	25,625,939	21,932,306
Total operating costs	82,898,482	71,968,738
Income from operations	8,892,581	6,945,860
Other income (expense)		
Interest income	5,630	8,309
Interest expense	(3,092)	(19,663)
Total other income (expense)	2,538	(11,354)
Net income	$ 8,895,119	$ 6,934,506

See Notes to Financial Statements.

Grove Resource Solutions, Inc.

Statements of Changes in Stockholders' Equity
Years Ended December 31, 2021 and 2020

	Voting common stock Shares	Voting common stock Amount	Non-voting common stock Shares	Non-voting common stock Amount	Additional paid-In capital	Retained earnings	Total stockholders' equity
Balance, December 31, 2019	2,235	$ 2,235	842	$ 842	$ 934,381	$ 4,702,741	$ 5,640,199
Distributions	-	-	-	-	-	(3,888,393)	(3,888,393)
Net income	-	-	-	-	-	6,934,506	6,934,506
Balance, December 31, 2020	2,235	2,235	842	842	934,381	7,748,854	8,686,312
Distributions	-	-	-	-	-	(6,284,834)	(6,284,834)
Net income	-	-	-	-	-	8,895,119	8,895,119
Balance, December 31, 2021	2,235	$ 2,235	842	$ 842	$ 934,381	$ 10,359,139	$ 11,296,597

See Notes to Financial Statements.

Grove Resource Solutions, Inc.

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Net income	$ 8,895,119	$ 6,934,506
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	263,969	278,074
Loss on disposal of property and equipment	55,166	69,802
Changes in operating assets and liabilities		
Accounts receivable	(2,218,115)	(1,498,639)
Prepaid expenses and other current assets	(304,082)	64,126
Other long-term assets	(41,958)	(9,555)
Accounts payable and accrued expenses	(192,086)	733,382
Accrued payroll and related liabilities	690,679	748,783
Due to related party	220,245	473,091
Deferred revenue	(32,284)	(183,120)
Other current liabilities	(133,672)	(269,891)
Deferred rent	197,943	228,162
Net cash provided by operating activities	7,400,924	7,568,721
Cash flows from investing activities		
Purchase of property and equipment	(444,216)	(269,296)
Proceeds from sale of property and equipment	1,900	-
Investment in joint ventures	(4,973)	(17,185)
Net cash used in investing activities	(447,289)	(286,481)
Cash flows from financing activities		
Proceeds from line of credit	8,652,472	15,966,199
Repayments of line of credit	(8,652,472)	(18,595,488)
Distributions to stockholders	(6,284,834)	(3,888,393)
Net cash used in financing activities	(6,284,834)	(6,517,682)
Net increase in cash and cash equivalents	668,801	764,558
Cash at beginning of year	764,919	361
Cash at end of year	$ 1,433,720	$ 764,919
Supplemental disclosures		
Cash paid for interest	$ 3,092	$ 19,663
Supplemental disclosures of non-cash activities		
Proceeds from trade-in of vehicle	$ -	$ 65,000

See Notes to Financial Statements.

Note 1 - Organization and summary of significant accounting policies

Organization

Grove Resource Solutions, Inc. (the "Company") was incorporated on May 31, 2000, in the state of Maryland. The Company is headquartered in Bethesda, Maryland and provides IT infrastructure modernization and architecture design, software engineering, technology assessment and insertion, and multi-tier IT Service Management primarily to U.S. federal government agencies.

Risks and uncertainties

The Company continues to evaluate the impact of the COVID-19 pandemic on its business and has concluded that while it is reasonably possible the virus could have a negative effect on the Company's financial position and the results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that that might result from the outcome of this uncertainty.

Basis of presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Accounts receivable

The Company records accounts receivable net of an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering the customer's financial condition, credit history and current economic conditions. Delinquency is determined based on contract terms. An individual account is written off once all attempts to collect the receivable have been completed and management determines it is uncollectible. No allowance for doubtful accounts was deemed necessary at either December 31, 2021 and 2020.

Property and equipment

Property and equipment is stated at cost. Depreciation is provided on the straight-line method based on useful lives of three to seven years. Leasehold improvements are recorded at cost and amortized over the lesser of their useful lives or the term of the lease.

Long-lived assets

Management evaluates the recoverability of the Company's long-lived assets when events or circumstances indicate a potential impairment exists. Events and circumstances considered by the Company in determining whether the carrying value of long-lived assets may not be recoverable include, but are not limited to: significant changes in performance relative to expected operating results; significant changes in the use of the assets; significant negative industry or economic trends; and changes in the Company's business strategy. In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets. If impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment loss is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairments have been recorded during the years ended December 31, 2021 or 2020, respectively.

Equity method investments

The Company has two unconsolidated joint ventures accounted for under the equity method. These joint ventures were not material to the Company's financial statements as of December 31, 2021 and 2020 and are included in other long-term assets in the accompanying balance sheets.

Leases and deferred rent

The Company recognizes rent expense on a straight-line basis over the term of the lease, taking into account lessor incentives for tenant improvements and periods, including construction periods, where no rent payment is required (rent holidays). The Company recognizes deferred rent as the difference between the expense recognized on a straight-line basis and the payments made per the terms of the lease.

Income taxes

The Company is taxed under the provisions of subchapter S of the Internal Revenue Code. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. Under the provisions of subchapter S, the shareholders are liable for individual federal and state income taxes on the Company's taxable income. The Company may disburse funds necessary to satisfy the shareholders' estimated personal income tax liabilities.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2019. Based on its evaluation of uncertain tax positions, management has concluded that there are no significant uncertain tax positions requiring recognition in the accompanying financial statements.

Revenue recognition

The Company recognizes revenue in accordance with the five step model set forth by Accounting Standards Codification 606, Revenue from Contracts with Customers, ("ASC 606"), which involves identification of the contract(s), identification of performance obligations in the contract, determination of the transaction price, allocation of the transaction price to the previously identified performance obligations and revenue recognition as the performance obligations are satisfied.

The Company recognizes revenue over time when there is a continuous transfer of control to its customer. For the Company's U.S. government contracts, this continuous transfer of control to the customer is supported by clauses in the contract that allow the U.S. government to unilaterally terminate the contract for convenience, pay the Company for costs incurred plus a reasonable profit and take control of any work in process. When control is transferred over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. For services contracts, the Company satisfies its performance obligations as services are rendered. The Company uses cost-based input and time-based output methods to measure progress.

For time-and-material contracts, the Company bills the customer per labor hour and per material, and revenue is recognized in the amount invoiced since the amount corresponds directly to the value of the Company's performance to date. The Company considers control to transfer when it has a present right to payment. Essentially, all of the Company's contracts satisfy their performance obligations over time. Contracts are often modified to account for changes in contract specifications and requirements. Contract modifications impact performance obligations when the modification either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue and profit cumulatively. Furthermore, a significant change in one or more estimates could affect the profitability of the Company's contracts. The Company recognizes adjustments in estimated profit on contracts in the period identified.

For time-and-materials contracts, revenue is recognized to the extent of billable rates times hours delivered plus materials and other reimbursable costs incurred. Revenue for cost-reimbursable contracts is recorded as reimbursable costs are incurred, including an estimated share of the applicable contractual fees earned. For firm-fixed-price contracts, the consideration received for the Company's performance is set at a predetermined price. Revenue for the Company's firm-fixed-price contracts is recognized over time using a straight-line measure of progress or using the percentage-of-completion method whereby progress toward completion is based on a comparison of actual costs incurred to total estimated costs to be incurred over the contract term. Contract costs are expensed as incurred. Estimated losses are recognized when identified.

The following table summarizes contract balances within the Company's balance sheets as of December 31, 2021 and 2020:

	2021	2020
Contract assets, included in accounts receivable	$ 9,082,426	$ 6,588,945
Contract liabilities, included in deferred revenue	682	32,966
Contract liabilities, included in other current liabilities	2,808	136,480

At December 31, 2019 contract assets and contract liabilities totaled approximately $5,807,000 and $622,000, respectively.

The following table summarizes revenues disaggregated by customer contract type for the years ended December 31, 2021 and 2020:

	2021	2020
Time and materials	$ 32,560,843	$ 31,063,289
Firm fixed price	23,125,530	17,004,594
Cost reimbursable	36,104,690	30,846,715
	$ 91,791,063	$ 78,914,598

Concentration of credit risk and revenue

Financial instruments that potentially subject the Company to credit risk consist principally of cash and accounts receivable. Cash is deposited with high-credit-quality financial institutions and, at times, such balances with any one financial institution may exceed the insurance limits of the prevailing regulatory body. Historically, the Company has not experienced any losses related to these balances and believes that there is minimal risk of expected future losses. However, there can be no assurance that there will not be losses on these deposits.

Substantially all of the Company's accounts receivable, including unbilled accounts receivable, are from agencies of the U.S. Government as of December 31, 2021 and 2020. The Company believes that the credit risk associated with its receivables is limited due to the creditworthiness of these customers.

Substantially all of the Company's revenue comes from prime contracts and subcontracts with or indirectly from agencies of the U.S. Government. As of December 31, 2021, three customers represented approximately 84% of accounts receivable. As of December 31, 2020, two customers represented approximately 77% of accounts receivable. For the year ended December 31, 2021, three customers represented approximately 83% of revenue. For the year ended December 31, 2020, three customers represented approximately 81% of revenue.

Advertising

The Company expenses advertising costs as incurred. Advertising costs totaled $56,933 and $25,544 for the years ended December 31, 2021 and 2020, respectively, and are included in indirect costs in the accompanying statements of income.

Accounting pronouncement not yet adopted

In June 2020, the FASB issued Accounting Standards Update ("ASU") 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities, which amends the effective date of ASC 842, Leases, to give immediate relief to certain entities as a result of the widespread adverse economic effects and business disruptions caused by the COVID-19 pandemic. ASU 2020-05 permits certain private entities that have not yet issued their financial statements or made financial statements available for issuance, to adopt ASC 842 for fiscal years beginning after December 15, 2021, and interim reporting periods within fiscal years beginning after December 15, 2022. The Company has elected to adopt the effective date deferral standard and will adopt ASU 2016-02, Leases, and its related amendments for its annual reporting period beginning January 1, 2022. The Company is currently evaluating the impact of adopting ASU 2016-02 and its amendments on the financial statements.

Note 2 - Accounts receivable

Accounts receivable consists of the following as of December 31, 2021 and 2020:

	2021	2020
Billed receivables	$ 6,671,693	$ 6,947,059
Unbilled receivables	9,082,426	6,588,945
	$ 15,754,119	$ 13,536,004

Note 3 - Property and equipment, net

Property and equipment, net consists of the following as of December 31, 2021 and 2020:

	2021	2020
Equipment	$ 277,094	$ 330,349
Furniture	29,657	38,153
Software	200,509	200,509
Vehicles	257,804	257,804
Leasehold improvements	1,140,090	759,101
	1,905,154	1,585,916
Less: accumulated depreciation and amortization	(1,195,284)	(999,227)
	$ 709,870	$ 586,689

Depreciation and amortization expense was $263,969 and $278,074 for the years ended December 31, 2021 and 2020, respectively.

Note 4 - Credit facility

The Company maintains a revolving credit facility with Truist Bank ("Truist") (the "Credit Facility"). The Credit Facility includes a revolving line of credit of up to $16,000,000 in aggregate principal amount. The maturity date of the Credit Facility is May 7, 2023. Borrowings under the Credit Facility bear interest based on The Wall Street Journal prime rate less 0.5%, provided that such rate will not be less than 2.75%. The Company had no outstanding borrowings under the Credit Facility at December 31, 2021 and 2020.

The payment of the Credit Facility is secured by substantially all the assets of the Company. In addition, the Credit Facility is collateralized by certain personal guarantees of the Company's Chairman and its President and Chief Executive Officer. The Credit Facility contains customary covenants that, among other conditions, require a minimum tangible net worth and a minimum fixed charge coverage ratio. The Company was in compliance with the financial covenants as of December 31, 2021.

Note 5 - Employee benefit plan

The Company maintains a 401(k) Plan (the "401(k) Plan"), a defined contribution plan, for the benefit of its eligible employees. The Company may provide a discretionary matching contribution of a participant's elective contributions under the 401(k) Plan. The Company recorded related expense of $875,462 and $759,603 to the 401(k) Plan during the years ended December 31, 2021 and 2020, respectively. Participants are always fully vested in their elective contributions and vest in Company matching contributions over a two year period.

Note 6 - Stockholders' equity

The total number of shares which the Company is authorized to issue is 100,000. The Company is authorized to issue two classes of stock, designated Voting Common Stock and Non-Voting Common Stock. The Voting Common Stock and Non-Voting Common Stock have a par value per share of $1.00.

Note 7 - Commitments and contingencies

Leases

The Company is obligated under operating leases primarily for its facilities and office space, expiring at various dates through 2026. In addition to base rentals, the Company is generally responsible for its proportionate share of utilities, property taxes and maintenance. Total rent expense was approximately $1,146,000 and $1,096,000 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments under non-cancelable operating leases are as follows:

Year ended December 31, 2022	$	1,380,525
2023		1,290,052
2024		1,142,215
2025		553,917
2026		355,005
	$	4,721,714

Legal

From time to time, the Company is subject to certain legal proceedings, claims and disputes which arise in the ordinary course of business. These matters are subject to inherent uncertainties and the outcome of such matters cannot be predicted with certainty, future developments could cause any one or more of these matters to have a material impact on the Company's financial condition, results of operations or liquidity in any future period.

Note 8 - Related party transactions

The Company enters into subcontracts with an entity owned by a family member of one of the Company's stockholders. For the years ended December 31, 2021 and 2020, the Company incurred costs totaling approximately $4,227,000 and $3,265,000, respectively. As of December 31, 2021 and 2020, the Company had amounts due to related party in the amount of $825,495 and $605,250, respectively.

Note 9 - Subsequent events

The Company has evaluated the potential impact of subsequent events on the financial statements through October 31, 2022, the date the financial statements were available to be issued. No events have occurred that require recognition in the financial statements or disclosure in the notes to the financial statements other than described below.

On April 15, 2022, the Company entered into Share Redemption Agreements with certain stockholders. Under the terms of the Share Redemption Agreements, the Company redeemed 1,337 shares of common stock in exchange for $30,246,414 in Promissory Notes (the "Notes"). The Notes bear interest at The Wall Street Journal prime rate per annum. The Notes mature at the earliest of April 15, 2029 or upon the consummation of a liquidation event and are subject to certain mandatory repayment requirements, as defined in the Notes. The Notes may be prepaid in whole or in part at any time prior to maturity. Principal with all accrued and unpaid interest is due at maturity.

On April 20, 2022, 4 shares of voting common stock were converted to 4 shares of non-voting common stock.

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Grove Resource Solutions, Inc.

Unaudited Financial Statements

SEPTEMBER 30, 2022 AND 2021

Page

Financial Statements

Grove Resource Solutions, Inc.

Balance Sheets
September 30, 2022 and 2021

	As of September 30,2022 Unaudited	As of September 30,2021 Unaudited
Assets		
Current assets		
Cash	$ 3,606,313	$ 5,979,922
Accounts receivable	21,404,561	13,246,443
Other current assets	256,791	87,938
Total current assets	25,267,665	19,314,303
Property and equipment, net	549,550	509,165
Other long-term assets	144,857	124,827
Total assets	$ 25,962,072	$ 19,948,295
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued expenses	$ 1,686,635	$ 1,453,419
Accrued payroll and related liabilities	5,699,254	6,415,453
Other current liabilities	209	2,808
Total current liabilities	7,386,098	7,871,680
Deferred rent	769,308	874,939
Note payable, shareholder	30,246,414	-
Total liabilities	38,401,820	8,746,619
Stockholders' equity		
Common stock, $1.00 par value, authorized 100,000 shares; 1,740 and 3,077 issued and outstanding at September 30, 2022 and 2021, respectively	1,740	3,077
Additional paid-in capital	-	934,381
Treasury stock, at cost	(29,310,696)	-
Retained earnings	16,869,208	10,264,218
Total stockholders' equity	(12,439,748)	11,201,676
Total liabilities and stockholders' equity	$ 25,962,072	$ 19,948,295

Grove Resource Solutions, Inc.

Statements of Income
Nine Months Ended September 30, 2022 and 2021

	Nine Months Ended September 30, 2022 unaudited	Nine Months Ended September 30, 2021 unaudited
Revenue	$ 88,197,944	$ 69,471,337
Cost of operations		
Direct costs	53,085,780	42,491,696
Indirect costs	22,734,962	18,944,258
Total operating costs	75,820,742	61,435,954
Income from operations	12,377,202	8,035,383
Other income (expense)		
Interest income	16,637	4,988
Interest expense	(4,673)	(3,092)
Total other income (expense)	11,964	1,896
Net income	$ 12,389,166	$ 8,037,279

Grove Resource Solutions, Inc.

Statements of Changes in Stockholders' Equity
Nine Months Ended September 30, 2022 and 2021
Unaudited

	Voting common stock		Non-voting common stock		Additional paid-In capital	Retained earnings	Treasury Stock	Total stockholders' equity
	Shares	Amount	Shares	Amount				
Balance, December 31, 2020	2,235	$ 2,235	842	$ 842	$ 934,381	$ 7,748,854	$ -	$ 8,686,312
Distributions	-	-	-	-	-	(5,521,915)	-	(5,521,915)
Net income	-	-	-	-	-	8,037,279	-	8,037,279
Balance, September 30, 2021	2,235	$ 2,235	842	$ 842	$ 934,381	$ 10,264,218	$ -	$ 11,201,676
Balance, December 31, 2021	2,235	$ 2,235	842	$ 842	$ 934,381	$ 10,359,139	$ -	$ 11,296,597
Stock repurchase	(910)	(910)	(427)	(427)	(934,381)	-	(29,310,696)	(30,246,414)
Distributions	-	-	-	-	-	(5,879,097)	-	(5,879,097)
Net income	-	-	-	-	-	12,389,166	-	12,389,166
Balance, September 30, 2022	1,325	$ 1,325	415	$ 415	$ -	$ 16,869,208	$ (29,310,696)	$ (12,439,748)

Grove Resource Solutions, Inc.

Statements of Cash Flow
Nine Months Ended September 30, 2022 and 2021
Unaudited

	2022	2021
Cash flows from operating activities		
Net income	$ 12,389,166	$ 8,037,279
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	164,824	192,979
Loss on disposal of property and equipment	10,347	-
Changes in operating assets and liabilities		
Accounts receivable	(5,650,442)	289,561
Prepaid expenses and other current assets	973,096	837,867
Other long-term assets	26,913	(4,973)
Accounts payable and accrued expenses	151,517	(306,069)
Accrued payroll and related liabilities	1,049,351	2,456,229
Due to related party	(825,495)	(605,250)
Other current liabilities	(2,599)	(133,672)
Deferred rent	(215,152)	88,422
Net cash provided by operating activities	8,071,526	10,852,373
Cash flows from investing activities		
Purchase of property and equipment	(14,851)	(115,455)
Investment in joint ventures	(4,985)	-
Net cash used in investing activities	(19,836)	(115,455)
Cash flows from financing activities		
Proceeds from line of credit	6,876,945	8,652,472
Repayments of line of credit	(6,876,945)	(8,652,472)
Distributions to shareholders	(5,879,097)	(5,521,915)
Net cash used in financing activities	(5,879,097)	(5,521,915)
Net increase in cash and cash equivalents	2,172,593	5,215,003
Cash at beginning of year	1,433,720	764,919
Cash at end of year	$ 3,606,313	$ 5,979,922
Supplemental disclosures		
Cash paid for interest	$ 4,673	$ 3,092
Supplemental disclosures of non-cash activities		
Issuance of note payable	$ 30,246,414	$ -

Note 1 - Organization and summary of significant accounting policies

Organization
Grove Resource Solutions, Inc. (the "Company") was incorporated on May 31, 2000, in the state of Maryland. The Company is headquartered in Bethesda, Maryland and provides IT infrastructure modernization and architecture design, software engineering, technology assessment and insertion, and multi-tier IT Service Management primarily to U.S. federal government agencies.

Risks and uncertainties
The Company continues to evaluate the impact of the COVID-19 pandemic on its business and has concluded that while it is reasonably possible the virus could have a negative effect on the Company's financial position and the results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that that might result from the outcome of this uncertainty.

Basis of presentation
The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Accounts receivable
The Company records accounts receivable net of an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering the customer's financial condition, credit history and current economic conditions. Delinquency is determined based on contract terms. An individual account is written off once all attempts to collect the receivable have been completed and management determines it is uncollectible. No allowance for doubtful accounts was deemed necessary at either September 30, 2022 and 2021.

Property and equipment
Property and equipment is stated at cost. Depreciation is provided on the straight-line method based on useful lives of three to seven years. Leasehold improvements are recorded at cost and amortized over the lesser of their useful lives or the term of the lease.

Long-lived assets
Management evaluates the recoverability of the Company's long-lived assets when events or circumstances indicate a potential impairment exists. Events and circumstances considered by the Company in determining whether the carrying value of long-lived assets may not be recoverable include, but are not limited to: significant changes in performance relative to expected operating results; significant changes in the use of the assets; significant negative industry or economic trends; and changes in the Company's business strategy. In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets. If impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment loss is measured as the amount by which

the carrying amount of the assets exceeds the fair value of the assets. No impairments have been recorded during the nine months ended September 30, 2022 and 2021, respectively.

Equity method investments
The Company has two unconsolidated joint ventures accounted for under the equity method. These joint ventures were not material to the Company's financial statements as of September 30, 2022 and 2021 and are included in other long-term assets in the accompanying balance sheets.

Leases and deferred rent
The Company recognizes rent expense on a straight-line basis over the term of the lease, taking into account lessor incentives for tenant improvements and periods, including construction periods, where no rent payment is required (rent holidays). The Company recognizes deferred rent as the difference between the expense recognized on a straight-line basis and the payments made per the terms of the lease.

Income taxes
The Company is taxed under the provisions of subchapter S of the Internal Revenue Code. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. Under the provisions of subchapter S, the shareholders are liable for individual federal and state income taxes on the Company's taxable income. The Company may disburse funds necessary to satisfy the shareholders' estimated personal income tax liabilities.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2019. Based on its evaluation of uncertain tax positions, management has concluded that there are no significant uncertain tax positions requiring recognition in the accompanying financial statements.

Revenue recognition
The Company recognizes revenue in accordance with the five step model set forth by Accounting Standards Codification 606, *Revenue from Contracts with Customers*, ("ASC 606"), which involves identification of the contract(s), identification of performance obligations in the contract, determination of the transaction price, allocation of the transaction price to the previously identified performance obligations and revenue recognition as the performance obligations are satisfied.

The Company recognizes revenue over time when there is a continuous transfer of control to its customer. For the Company's U.S. government contracts, this continuous transfer of control to the customer is supported by clauses in the contract that allow the U.S. government to unilaterally terminate the contract for convenience, pay the Company for costs incurred plus a reasonable profit and take control of any work in process. When control is transferred over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. For services contracts, the Company satisfies its performance obligations as services are rendered. The Company uses cost-based input and time-based output methods to measure progress.

For time-and-material contracts, the Company bills the customer per labor hour and per material, and revenue is recognized in the amount invoiced since the amount corresponds directly to the value of the Company's performance to date. The Company considers control to transfer when it has a present right to payment. Essentially, all of the Company's contracts satisfy their performance obligations over time. Contracts are often modified to account for changes in contract specifications and requirements. Contract modifications impact performance obligations when the modification either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue and profit cumulatively. Furthermore, a significant change in one or more estimates could affect the profitability of the Company's contracts. The Company recognizes adjustments in estimated profit on contracts in the period identified.

For time-and-materials contracts, revenue is recognized to the extent of billable rates times hours delivered plus materials and other reimbursable costs incurred. Revenue for cost-reimbursable contracts is recorded as reimbursable costs are incurred, including an estimated share of the applicable contractual fees earned. For firm-fixed-price contracts, the consideration received for the Company's performance is set at a predetermined price. Revenue for the Company's firm-fixed-price contracts is recognized over time using a straight-line measure of progress or using the percentage-of-completion method whereby progress toward completion is based on a comparison of actual costs incurred to total estimated costs to be incurred over the contract term. Contract costs are expensed as incurred. Estimated losses are recognized when identified.

The following table summarizes contract balances within the Company's balance sheets as of September 30, 2022 and 2021:

		2022		2021
Contract assets, included in accounts receivable	$	3,437,916	$	2,609,969
Contract liabilities, included in deferred revenue	$	(304,563)	$	-
Contract liabilities, included in other current liabilities	$	209	$	2,808

Concentration of credit risk and revenue

Financial instruments that potentially subject the Company to credit risk consist principally of cash and accounts receivable. Cash is deposited with high-credit-quality financial institutions and, at times, such balances with any one financial institution may exceed the insurance limits of the prevailing regulatory body. Historically, the Company has not experienced any losses related to these balances and believes that there is minimal risk of expected future losses. However, there can be no assurance that there will not be losses on these deposits.

Substantially all of the Company's accounts receivable, including unbilled accounts receivable, are from agencies of the U.S. Government as of September 30, 2022 and 2021. The Company believes that the credit risk associated with its receivables is limited due to the creditworthiness of these customers.

Advertising

The Company expenses advertising costs as incurred. Advertising costs totaled $24,223 and $36,074 for the nine months ended September 30, 2022 and 2021, respectively, and are included in indirect costs in the accompanying statements of income.

Note 2 – Summary of significant accounting policies

Accounting pronouncement not yet adopted

In June 2020, the FASB issued Accounting Standards Update ("ASU") 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which amends the effective date of ASC 842, *Leases*, to give immediate relief to certain entities as a result of the widespread adverse economic effects and business disruptions caused by the COVID-19 pandemic. ASU 2020-05 permits certain private entities that have not yet issued their financial statements or made financial statements available for issuance, to adopt ASC 842 for fiscal years beginning after December 15, 2021, and interim reporting periods within fiscal years beginning after December 15, 2022. The Company has elected to adopt the effective date deferral standard.

Note 3 - Accounts receivable

Accounts receivable consists of the following as of September 30, 2022 and 2021:

	2022	2021
Billed receivables	$ 17,966,645	$ 10,636,474
Unbilled receivables	3,437,916	(273,828)
	$ 21,404,561	$ 10,362,646

Note 4 - Property and equipment, net

Property and equipment, net consists of the following as of September 30, 2022 and 2021:

	2022	2021
Equipment	$ 136,386	$ 306,657
Furniture	13,170	38,153
Software	200,509	200,509
Vehicles	199,437	257,804
Leasehold improvements	518,876	874,556
	1,068,378	1,677,679
Less: accumulated depreciation and amortization	(518,828)	(1,168,514)
	$ 549,550	$ 509,165

Note 5 - Credit facility

The Company maintains a revolving credit facility with Truist Bank ("Truist") (the "Credit Facility"). The Credit Facility includes a revolving line of credit of up to $16,000,000 in aggregate principal amount. The maturity date of the Credit Facility is May 7, 2023. Borrowings under the Credit Facility bear interest based on *The* Wall Street Journal prime rate less 0.5%, provided that such rate will not be less than 2.75%. The Company had no outstanding borrowings under the Credit Facility at September 30, 2022 and 2021.

Note 6 - Employee benefit plan

The Company maintains a 401(k) Plan (the "401(k) Plan"), a defined contribution plan, for the benefit of its eligible employees. The Company may provide a discretionary matching contribution of a participant's elective contributions under the 401(k) Plan. The Company recorded related expense of $656,429 and $772,424 to the 401(k) Plan during the nine months ended September 30, 2022 and 2021, respectively. Participants are always fully vested in their elective contributions and vest in Company matching contributions over a two year period.

Note 7 – Stockholders' equity

The total number of shares which the Company is authorized to issue is 100,000. The Company is authorized to issue two classes of stock, designated Voting Common Stock and Non-Voting Common Stock. The Voting Common Stock and Non-Voting Common Stock have a par value per share of $1.00.

Note 8 - Commitments and contingencies

Leases
The Company is obligated under operating leases primarily for its facilities and office space, expiring at various dates through 2026. In addition to base rentals, the Company is generally responsible for its proportionate share of utilities, property taxes and maintenance.

Legal
From time to time, the Company is subject to certain legal proceedings, claims and disputes which arise in the ordinary course of business. These matters are subject to inherent uncertainties and the outcome of such matters cannot be predicted with certainty, future developments could cause any one or more of these matters to have a material impact on the Company's financial condition, results of operations or liquidity in any future period.

Note 9 - Related party transactions

The Company enters into subcontracts with an entity owned by a family member of one of the Company's stockholders. As of September 30, 2022 and 2021, the Company had no amounts due to the related party.

Note 10 – Subsequent Events

On December 8, 2022 the Company was acquired by DLH Holdings Corp. ("DLH"). The transaction was for 100% of the Company's outstanding common stock. In connection with the acquisition the notes payable, shareholder for $30,246,414 including interest was paid in full. Outside of the event described above, management evaluated the activity of the Company through February 23, 2023, the date the financial statements were available to be issued and determined that there are no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Exhibit 99.3

DLH UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements combine the historical consolidated financial information of DLH Holdings Corp. and Subsidiaries (the “Company”) and the financial statements of Grove Resource Solutions, LLC. (“GRSi”), acquired on December 8, 2022. The unaudited pro forma condensed combined financial information gives effect to the Company’s acquisition of GRSi as if the acquisition had been consummated at October 1, 2021 for the unaudited pro forma condensed combined statements of operations for the year ended September 30, 2022.

The unaudited pro forma condensed combined balance sheet at September 30, 2022 gives effect to the acquisition of GRSi as if the acquisition had been consummated on that date. The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting, whereby the assets acquired and liabilities assumed are recognized based upon their estimated fair values at the acquisition date.

The Company’s historical financial information was derived from its audited consolidated financial statements for the year ended September 30, 2022 (as filed in its Annual Report on Form 10-K with the Securities and Exchange Commission on December 5, 2022). The Company’s historical financial statements used in preparing the unaudited pro forma financial data are summarized and should be read in conjunction with its historical financial statements and risk factors, all of which are included in the filings with the Securities and Exchange Commission noted above. GRSi’s profroma financial information for the year ended September 30, 2022 was derived from its audited financial statements for the year ended December 31, 2021, which are included in this report, and the unaudited financial statements for the nine months ended September 30, 2022.
The Company is providing the unaudited pro forma condensed combined information for illustrative purposes only and such pro forma information does not represent the consolidated results or financial position of the Company had its acquisition of GRSi been completed as of the dates indicated. The companies may have performed differently had they been combined during the periods presented. Specifically, the unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies, revenue enhancements or restructuring costs that the combined company may achieve or incur as a result of the acquisition. You should not rely on the unaudited pro forma condensed combined financial information as being indicative of the historical results that would have been achieved had the companies actually been combined during the periods presented. Further, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma adjustments represent the Company’s best estimates and are based upon available information and upon certain assumptions that the Company believes are reasonable, as described in the accompanying notes. The unaudited pro forma condensed combined financial information, including the accompanying notes, should be read in conjunction with:

- The Company’s historical consolidated financial statements and accompanying notes contained in its Annual Report on Form 10-K for its fiscal year ended September 30, 2022, filed with the Securities and Exchange Commission (the “Commission”) on December 5, 2022;
- GRSi’s historical financial statements and accompanying notes for its fiscal years ended, December 31 2021 and 2020, included as Exhibit 99.1 in this amended Current Report on Form 8-K;
- GRSi’s unaudited financial statements and accompanying notes as of and for the nine months ended September 30, 2022, included as Exhibit 99.2 in this amended Current Report on Form 8-K; and
- The Agreement filed as Exhibit 2.1 to The Company’s Current Report on Form 8-K filed with the Commission on December 14, 2022.

The preliminary base purchase price of $185.0 million for GRSi on December 8, 2022 included a target net working capital of $13.0 million, net of cash acquired. Our estimated pro forma balance sheet included herein is stated as if the transaction occurred on September 30, 2022. As such, the estimated net working capital at September 30, 2022 is $13.6 million, reflecting a surplus of $0.6 million over the $13.0 million target. This increased the estimated purchase price as of September 30, 2022, from $185.0 million to $188.8 million, which includes cash acquired, net working capital and acquired indebtedness of $0.4 million. Working capital balances on the actual date of the acquisition, December 8, 2022, will be different from those estimated at September 30, 2022. Future adjustments for working capital excess (deficit) compared to the $13.0 million target will change as we finalize valuations and financial results as of the actual date of the acquisition on December 8, 2022

DLH HOLDINGS CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2022
(Amounts in thousands, except per share data)

	The Company	Grove Resource Solutions, LLC	Pro Forma Adjustments		Pro Forma Combined	
Revenue	$ 395,173	$ 114,251	$ (147)	[3a]	$ 509,277	
Cost of operations						
Contract costs	322,886	68,736	17,709	[3b]	409,331	
General and administrative expenses	31,344	30,006	(18,394)	[3c]	42,956	
Depreciation and amortization	7,665	290	9,800	[3c]	17,755	
Total cost of operations	361,895	99,032	9,115		470,042	
Income from operations	**33,278**	**15,219**	**(9,262)**		**39,235**	
Interest and other income (expense), net	(2,215)	17	(13,441)	[3d]	(15,639)	
Income/(loss) before income taxes	**31,063**	**15,236**	**(22,703)**		**23,596**	
Provision (benefit) for income taxes	7,775	—	(1,640)	[3e]	6,135	
Net income/(loss)	**$ 23,288**	**$ 15,236**	**$ (21,063)**		**$ 17,461**	
Earnings per share - basic	$ 1.82				$ 1.36	[3f]
Earnings per share - diluted	$ 1.64				$ 1.23	[3f]
Weighted average shares outstanding						
Basic	12,830				12,830	
Diluted	14,179				14,179	

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

DLH HOLDINGS CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
SEPTEMBER 30, 2022
(Amounts in thousands except par value of shares)

	The Company	Grove Resource Solutions, LLC	Pro Forma Adjustments		Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 228	$ 3,606	$ (3,834)	(4a)	$ —
Accounts receivable, net	40,496	21,405	—		61,901
Other current assets	2,878	257	—		3,135
Total current assets	43,602	25,268	(3,834)		65,036
Equipment and improvements, net	1,704	549	(432)	[4b]	1,821
Operating lease right-of-use assets	16,851	—	3,824	[4c]	20,675
Goodwill	65,643	—	72,980	(4d)	138,623
Intangible assets, net	40,884	—	98,004	[4e]	138,888
Other long-term assets	328	143	—		471
Total assets	**$ 169,012**	**$ 25,960**	**$ 170,542**		**$ 365,514**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Debt obligations - current, net of deferred financing costs	$ —	$ —	$ 29,525	[4f]	$ 29,525
Operating lease liabilities - current	2,235	356	1,010	[4g]	3,601
Accrued payroll	9,444	5,699	—		15,143
Accounts payable and accrued liabilities	26,862	1,991	—		28,853
Total current liabilities	38,541	8,046	30,535		77,122
Deferred taxes, net	1,534	—			1,534
Operating lease liabilities - long-term	16,461	413	2,380	[4h]	19,254
Debt obligations - long-term, net of deferred financing costs	20,416	—	148,433	[4i]	168,849
Other long term liabilities	—	(304)			(304)
Total long term liabilities	38,411	109	150,813		189,333
Total liabilities	76,952	8,155	181,348		266,455
Shareholders' equity:					
Common stock, $.001 par value; authorized 40,000 shares; issued and outstanding 13,047 and 12,714 at September 30, 2022 and 2021, respectively	13	—	—	[4j]	13
Additional paid-in capital	91,057	—	6,999	[4k]	98,056
Accumulated earnings	990	17,805	(17,805)	[4l]	990
Total shareholders' equity	92,060	17,805	(10,806)		99,059
Total liabilities and shareholders' equity	**$ 169,012**	**$ 25,960**	**$ 170,542**		**$ 365,514**

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

<u>Notes to accompanying Financial Statements</u>:

1. Description of the transaction and basis of presentation

On December 8, 2022, we acquired 100% of the equity interests of Grove Resource Solutions, LLC. (“GRSi”) for a purchase price of $185.0 million, subject to certain adjustments including a final assessment of GRSi's closing working capital. The preliminary base purchase price of $185.0 million included a target net working capital of $13.0 million, net of cash acquired. Future adjustments for working capital excess (deficit) compared to the $13.0 million target will change as we finalize valuations and financial results as of the actual date of the acquisition on December 8, 2022. The acquisition was financed through borrowings of $178 million under our existing credit facility and $7.0 million of the Company's equity. The credit facility includes a $190.0 million term loan and $70.0 million revolving line of credit.

The unaudited pro forma condensed combined financial statements have been prepared based upon the Company’s historical financial information and the historical financial information of GRSi, giving effect to the acquisition and related adjustments described in these notes. Certain note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted as permitted by SEC rules and regulations.

These unaudited pro forma condensed combined financial statements are not necessarily indicative of the results of operations that would have been achieved had the acquisitions actually taken place at the dates indicated and do not purport to be indicative of future financial position or operating results.

GRSi’s operating results included in the unaudited pro forma condensed combined statement of operations for the twelve months ended September 30, 2022 are not intended to represent or be indicative of operating results for a full year. Certain contracts within GRSi’s operations had seasonality in their historical performance and such seasonality can continue in the future.

2. Purchase accounting

The acquisition of GRSi is being accounted for as a business combination using the acquisition method of accounting, whereby the assets acquired and liabilities assumed are recognized based upon their estimated fair values at the acquisition date.

The fair values of the assets and liabilities in the unaudited pro forma condensed combined financial statements are based upon a preliminary assessment of fair value and may change when the final valuation of intangible assets, working capital and tax-related matters are finalized.

Based on December 8, 2022 data, we estimated total acquisition consideration and the preliminary allocation of fair value to the related assets and liabilities as follows:

(Amounts in thousands)

Preliminary base purchase price for GRSi	$	185,000
Estimated working capital excess as if transaction closed on September 30, 2022	$	3,791
Estimated purchase price, net of cash acquired	**$**	**188,791**
Estimated net assets acquired as if transaction closed on September 30, 2022		
Cash and cash equivalents	$	3,606
Accounts receivable		21,405
Other current assets		257
Total current assets		**25,268**
Accounts payable and accrued expenses		(1,991)
Accrued payroll		(5,699)
Other current liabilities	$	(356)
Estimated net working capital surplus		**17,222**
Property and equipment, net		550
Other long-term asset/liabilities		36
Net identifiable assets acquired		**17,808**
Goodwill and other intangibles		170,983
Net assets acquired	**$**	**188,791**

3. Pro forma Condensed Combined Statements of Operations adjustments and assumptions

3a. This adjustment is to remove non-recurring revenue, conform to consistent reporting practices, and adjust revenue on cost reimbursable projects:

Amounts in Thousands		**Unaudited Pro Forma Financial Statements Year Ended September 30, 2022**
Adjustments to revenue:		
Remove revenue due to indirect rate under run affecting cost recoverable contracts	$	(382)
Reclassify administrative fee from revenue to contract costs		235
Total adjustments to revenue	**$**	**(147)**

3b. This adjustment conforms GRSi's income statement presentation with that of DLH.

Amounts in Thousands		**Unaudited Pro Forma Financial Statements Year Ended September 30, 2022**
Adjustments to contract costs:		
Reclassify certain infrastructure and operational management costs from G&A to contract costs	$	3,070
Reclassify certain fringe costs from G&A to contract costs		14,404
Reclassify administrative fee from revenue to contract costs		235
Total adjustments to contract costs	**$**	**17,709**

3c. Adjustments to general and administrative and depreciation and amortization expenses are as follows:

Amounts in Thousands **Adjustments to G&A and Depreciation and Amortization expense:**		**Unaudited Pro Forma Financial Statements** **Year Ended September 30, 2022**
Reclassify certain infrastructure and operational management costs from G&A to contract costs	$	(3,070)
Reclassify certain fringe costs from G&A to contract costs		(14,404)
Eliminate GRSi incurred acquisition expenses		(800)
Eliminate GRSi Board of Director Fees		(120)
Total adjustments to general and administrative expenses	**$**	**(18,394)**
Amortization expense related to the acquired intangibles assets of GRSi		9,800
Total adjustments to depreciation and amortization expenses	**$**	**9,800**

3d. Adjustments to other income and expenses are as follows:

Amounts in Thousands **Adjustments to other income and expense**		**Unaudited Pro Forma Financial Statements** **Year Ended September 30, 2022**
Add estimated interest expense under incremental borrowing on senior debt as if the transaction was consummated at the beginning of the respective period		(13,441)
Total adjustments to other income and expense	**$**	**(13,441)**

3e. Adjustments to provision (benefit) for income taxes:

Amounts in Thousands **Adjustments to provision (benefit) for income taxes**		**Unaudited Pro Forma Financial Statements** **Year Ended September 30, 2022**
This adjustment reflects the tax effects of the pro forma adjustments outlined above. Following the Acquisition, GRSi will accrue taxes based upon corporate tax rates at U.S. Federal, state and local level.	$	(1,640)
Total adjustments to other provision (benefit) for income taxes	**$**	**(1,640)**

3f. The earnings per share calculations have been adjusted to reflect the pro forma transactions outlined above.

4. Pro forma Condensed Combined Balance Sheet adjustments and assumptions

4a. Adjustments to cash and cash equivalents:

Amounts in Thousands Adjustments to cash and cash equivalents		Unaudited Pro Forma Balance Sheet September 30, 2022
Proceeds from term loan	$	184,333
Equity granted to GRSi owner to complete acquisition		7,000
Financing fees associated with securing credit facility		(6,376)
Based upon working capital at $3.5 million, the estimated acquisition price for GRSi used in this pro forma balance sheet would have been $188.5 million.		(188,791)
Total adjustments to cash and cash equivalents	**$**	**(3,834)**

4b. This adjustment reflects the impact of implementing Accounting Standard Codification ("ASC") 842, *Leases*, of less than $0.4-million.

4c. This adjustment reflects the impact of ASC 842 of $3.8 million with the addition of the operating lease right-of-use-assets.

4d. This adjustment reflects recording an estimated goodwill of $73.0 million.

4e. This adjustment reflects recording estimated intangible assets of $98.0 million .

4f. This adjustment reflects net changes to debt obligations - long-term:

Amounts in Thousands Adjustments to current debt		Unaudited Pro Forma Balance Sheet September 30, 2022
Term loan in acquisition of GRSi	$	30,582
Deferred financing costs		(1,057)
Total adjustments to additional paid in capital	$	29,525

4g. This adjustment reflects the net impact of ASC 842 of $1.0 million with the addition of operating lease liabilities - current and elimination of the current portion of deferred rent.

4h. This adjustment reflects the impact of ASC 842 of $2.4 million with the addition of operating lease liabilities - long term. and elimination of the long term portion of deferred rent.

4i. This adjustment reflects net changes to debt obligations - long-term:

Amounts in Thousands Adjustments to long term debt		Unaudited Pro Forma Balance Sheet September 30, 2022
Term loan in acquisition of GRSi	$	153,750
Deferred financing costs		(5,317)
Total adjustments to additional paid in capital	$	148,433

4j. This adjustment eliminates common stock of less than $0.1 million.

4k. This adjustment reflects the increased additional paid in capital of $7.0 million.

4l. This adjustment eliminates retained earnings resulting from the acquisition of GRSi of $17.8 million.

Exhibit 99.4

DLH HOLDINGS CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA EBITDA
YEAR ENDED SEPTEMBER 30, 2022
(Amounts in thousands, except per share data)

The Company defines EBITDA as net income/(loss) adjusted to exclude (i) interest and other expenses (ii) provision for or benefit from income taxes, if any, and (iii) depreciation and amortization.

The Company uses EBITDA as a supplemental non-GAAP measure of our performance. The Company is excluding the impact on its financial performance the two short-term FEMA task orders for the period ended September 30, 2022. In calculating these measures, the Company has removed the contribution from the FEMA task orders.

The Company prepared these additional non-GAAP measures to eliminate the impact of items that it does not consider indicative of ongoing performance due to their inherent unusual or extraordinary nature. These non-GAAP measures of performance are used by management to conduct and evaluate its business during its regular review of operating results for the periods presented. Management and the Company's Board utilize these non-GAAP measures to make decisions about the use of the Company's resources, analyze performance between periods, develop internal projections and measure management performance. The Company believes that these non-GAAP measures are useful to investors in evaluating the Company's ongoing operating and financial results and understanding how such results compare with the Company's historical performance. By providing these non-GAAP measures as supplements to GAAP information, the Company believes that it is enhancing investors' understanding of our business and our results of operations.

These supplemental performance measurements may vary from and may not be comparable to similarly titled measures by other companies in our industry. EBITDA are not recognized measurements under accounting principles generally accepted in the United States, or GAAP, and when analyzing our performance investors should (i) evaluate each adjustment in our reconciliation to the nearest GAAP financial measures and (ii) use the aforementioned non-GAAP measures in addition to, and not as an alternative to net income as a measure of its operating results.

Below is a reconciliation of EBITDA for the pro forma year ended September 30, 2022 compared to the most directly comparable financial measure calculated and presented in accordance with GAAP (in thousands except for per share amounts):

Unaudited pro forma non-GAAP reconciliation for pro forma year ended September 30, 2022 (Amounts in thousands)	The Company	Grove Resource Solutions, LLC(a)	Completed FEMA Contracts (b)	Pro Forma Adjustments	Pro Forma Combined
Revenue	$ 395,173	$ 114,251	$ (125,773)	$ (147)	$ 383,504
Net income/(loss)	23,288	15,236	(9,234)	(21,063)	8,227
(i) Interest and other expense (income)	2,215	(17)	—	13,441	15,639
(ii) Provision (benefit) for taxes	7,775	—	(3,245)	(1,640)	2,890
(iii) Depreciation and amortization	7,665	290	—	9,800	17,755
Pro forma EBITDA	$ 40,943	$ 15,509	$ (12,479)	$ 538	$ 44,511

(a): Represents net income of GRSi determined in accordance with GAAP.

(b): Net income attributable to the FEMA task orders represents the Company's consolidated net income, determined in accordance with GAAP, generated from the FEMA task orders. For the year ended September 30, 2022 net income for the FEMA task orders is derived by subtracting from the revenue attributable to the tasks orders of $125.8 million the following amounts associated with such task orders: contract costs of $112.1 million, general & administrative costs of $1.2 million, and provision for income taxes of $3.2 million