

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

FORM 8-K

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

Date of report (Date of earliest event reported): October 7, 2020

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

New Jersey  
(State or Other Jurisdiction  
of Incorporation)

0-18492  
(Commission  
File Number)

22-1899798  
(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)

(866) 952-1647  
Registrant's Telephone Number, Including Area Code  
Not Applicable  
(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 (see General Instruction A.2. below):

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

**Item 2.02 Results of Operations and Financial Condition.**

The information contained in Item 7.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.02.

**Item 7.01 Regulation FD Disclosure.**

As previously reported by DLH Holdings Corp. (“DLH” or the “Company”), on September 30, 2020, DLH acquired Irving Burton Associates, LLC (“IBA”) pursuant to an Equity Purchase Agreement dated September 30, 2020 by and among DLH, IBA, Project Insight Holdings, Inc. (the “Seller”), the Owners of the Seller and Anna L. Ryan as the Sellers’ Representative. The acquisition was completed on September 30, 2020 and IBA became a direct, wholly-owned subsidiary of DLH on such date. DLH issued a press release on October 1, 2020 announcing the completion of the acquisition and advising that it will host a conference call at 9:00 a.m. Eastern Time on October 7, 2020 to discuss the acquisition. During this conference call DLH will discuss the information described in the presentation materials entitled “DLH Holdings Corp. Acquisition of Irving Burton Associates” attached to this Current Report as Exhibit 99.1, which is incorporated by reference in this report. A copy of DLH’s presentation materials is also available under the “Presentations” tab on the investor relations page of DLH’s website at <https://dlhcorp.investorroom.com>.

The information contained in Items 2.02, 7.01 and Exhibit 99.1 is being furnished, and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section. Furthermore, the information contained in Items 2.02, 7.01 and Exhibit 99.1 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.

The presentation materials furnished with this Current Report on Form 8-K also includes EBITDA, a Non-GAAP financial measure, as defined in Regulation G under the Securities Exchange Act of 1934. A reconciliation of this Non-GAAP financial measure to the most directly comparable financial measure prepared in accordance with generally accepted accounting principles (GAAP) is included within the presentation. The Company uses EBITDA as a supplemental measure of its performance. Management believes this information may be informative to investors in evaluating our ongoing operating and financial results, identifying trends, and understanding how such results compare with our 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 our financial statements prepared in accordance with GAAP.

**Forward-Looking Statements**

All statements in this Current Report on Form 8-K that do not directly and exclusively relate to historical facts constitute “forward-looking statements.” These statements represent DLH’s intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors many of which are outside the DLH’s control.

You can identify forward-looking statements by words such as “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” and similar words or phrases. Forward-looking statements in this written communication include, among others, statements regarding benefits of the acquisition, estimates of future revenues, operating income, earnings, earnings per share, backlog, and cash flows. These 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 release 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, are uncertain, cannot be predicted, and may precipitate or exacerbate other risks and uncertainties; the failure to achieve the anticipated benefits of the IBA acquisition (including anticipated future financial operating performance and results); diversion of management’s attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from the acquisition; the inability to retain IBA employees and customers; contract awards in connection with re-competes for present business and/or competition for new business; the risks and uncertainties associated with client interest in and purchases of new

services; compliance with new 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 IBA and any future acquisitions; and other risks described in our SEC filings. For a discussion of such risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's periodic reports filed with the SEC, including our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, 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.

**Item 9.01 Financial Statements and Exhibits**

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

<u>Exhibit Number</u>	<u>Exhibit Title or Description</u>
<a href="#">99.1</a>	<a href="#">Presentation Materials entitled "DLH Holdings Corp. Acquisition of Irving Burton Associates" *</a>

\* 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

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Name: Kathryn M. JohnBull  
Title: Chief Financial Officer

Date: October 7, 2020

DLH Holdings Corp.  
Acquisition of  
Irving Burton  
Associates



OCTOBER 7, 2020



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# Forward Looking Statement

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that refer to future events or DLH's future financial performance. Any statements that refer to expectations, projections or characterizations of future events or circumstances or that are not statements of historical fact (including without limitation statements 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 in this release include, among other things, statements regarding, estimates of future revenues, operating income, earnings, earnings per share, backlog, and cash flows. Our actual results may differ from such forward-looking statements made in this release 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, are uncertain, and may be predicted, and may precipitate or exacerbate other risks and uncertainties; the risk that we will not realize the anticipated benefits of the IBA acquisition; the challenges of managing larger and more widespread operations resulting from the acquisition; the inability to retain employees and customers; the risks and uncertainties associated with client interest and purchases of new services; contract award and connection with re-compete for present business and/or competition for new business; compliance with new bank financial and regulatory covenants; changes in client budgetary priorities; government contract procurement (such as bid protest, small business set asides, work stoppage due to organizational conflicts of interest, etc.) and termination risks; the ability to successfully integrate the operations of IBA and other 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, 2019, 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 obsolete over time. The Company does not assume any responsibility for updating forward-looking statements, except as may be required by law.



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# DLH Continues to Build a Healthcare IT Enterprise

## What We Are Presenting Today

DLH Holdings has acquired privately-held Irving Burton Associates (IBA), an acquisition that brings together two highly-complementary healthcare technology companies



## Strengthens DLH in DoD Healthcare Technology

Enhances technology-enabled healthcare applications across several military agencies

Significantly expands presence in key DoD agencies including Defense Health Agency ("DHA") and Medical Research and Development Command ("MRDC")

## Key Financial Terms

\$32 million purchase price funded 100% via bank debt (existing facilities)

\$26.5 million purchase price net of transaction-related tax benefit

Expected to be immediately accretive

## Valuation Rationale

Purchase price represents multiple of ~9.3x EBITDA

7.7x of EBITDA net of tax benefit

Industry metrics indicate 9 - multiples for Health and Data Analytics Government Servi





# Strategic Rationale

Highly complementary business with common core capabilities for complex, nationally dispersed programs, operational synergies, and new business opportunities



Accelerates long-term strategy of growing DLH presence in core military healthcare market with high revenue visibility and \$143 million in acquired contract backlog



Enhances and broadens telehealth offering through deep customer relationships and leading capabilities, competencies and practices



Elevates customer presence by expanding security clearance capability through IBA's cleared workforce and top-secret facility clearance





# Additional Capabilities and Customers



Premier professional and technology services consulting firm



Military Health IT

Agile Transformation/  
DevSecOps

Program Management

Advanced R&D

### Specialized Capabilities & Competencies:

- Artificial Intelligence/Machine Learning
- IT and program management advice
- Application modernization
- Digital transformation
- Robotics

Long-standing customer relationships, strong reputation and deep domain expertise in military healthcare and NextGen technology



Joint Program Co

28+ years

15+ years

8+ year

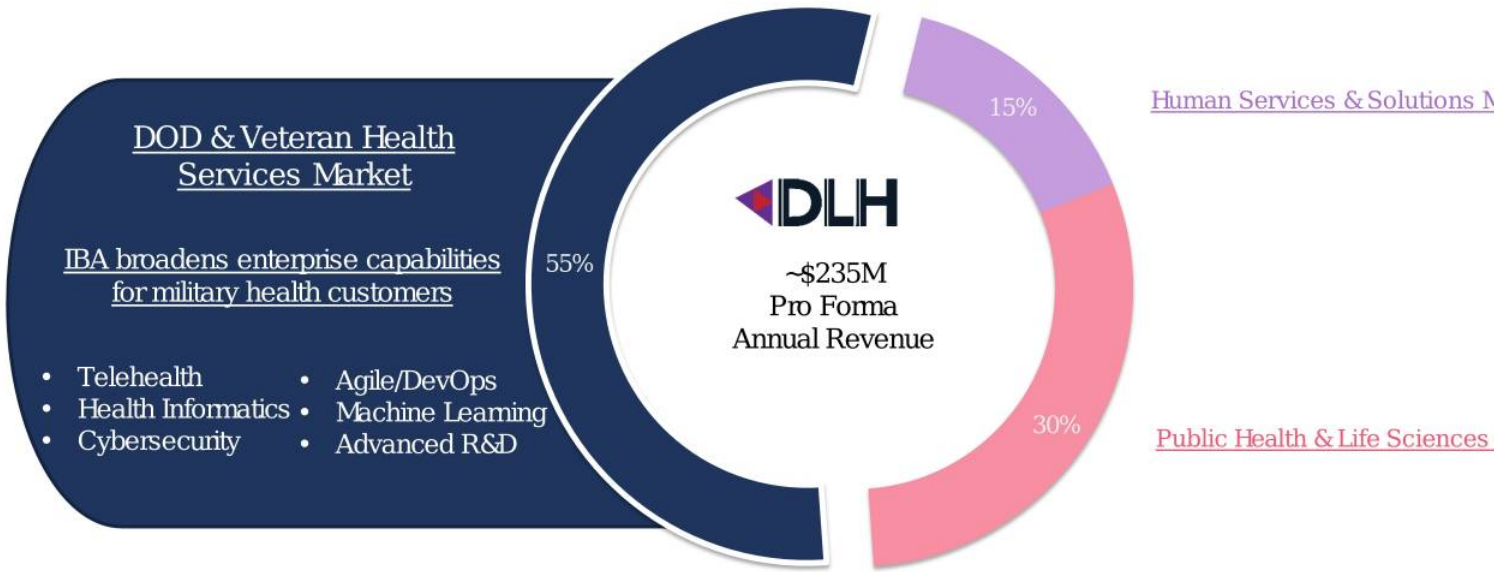
### Military Health IT Systems expertise includes:

- Joint Operational Medical Information Systems (JOMIS)
- Medical Communications for Combat Casualty Care (M3C)
- MHS/DoD Electronic Health Record (EHR)
- Medical Scenario Modeling & Simulation for Exercises
- Telehealth Standards of Care Development



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# IBA Expands Defense Health Presence



# IBA Increases Addressable Military Healthcare Market for DLH

- Strategically positioned to address \$2.5B Military Healthcare market currently growing at ~9% annually
- Leading provider of mission critical advice and technology solutions for military health clients
  - Defense Health Agency
  - U.S. Army Medical Research and Development Command
- Poised to support increased demand and focus on telehealth capabilities sparked by COVID-19
- Electronic health record for active duty and beneficiaries
- Expands DLH's end-to-end capabilities, from advanced R&D of NextGen technology to program management & mission support



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# Proforma Considerations

- DLH uses EBITDA as a supplemental non-GAAP measure of our performance. DLH defines EBITDA as net income excluding (i) interest expense, (ii) provision for or benefit from income taxes and (iii) depreciation and amortization.
- Due to changes in contract type and structure during key contracts' re-compete, revenue and margins reported in prior fiscal periods are higher than expected in current and future fiscal periods.
- DLH estimates that IBA will contribute approximately \$25 million, on an annualized basis, to revenue of DLH going forward, with similar operating margins as during the proforma period.



The following unaudited pro forma financial information combines the historical financial information of DLH and IBA and may not be indicative of the historical results that would have been achieved had the companies been combined during the periods presented or of the future results that the combined companies will experience.



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## Transaction Model – Twelve Months ended June 30, 2020

(in millions)	DLH	IBA	Adj.	Proforma	
Revenue	\$ 212.7	\$ 24.5	-	\$ 237.2	• Transaction accretive to net income and diluted earnings per share (EPS)
Operating Income	14.2	3.1	(1.5)	15.8	
% Margin	6.7%	12.7%		6.7%	
Interest (Expense)/Income	(3.9)	-	(1.5)	(5.4)	• Reduction to operating income due to amortization expense of acquired intangible assets
Pretax Income	10.3	3.1	(3.0)	10.4	
Tax expense	3.0	0.9	(0.9)	3.0	
Net Income	\$ 7.3	\$ 2.2	\$ (2.1)	\$ 7.4	• Interest expense increase due to additional term borrowing to finance transaction
EBITDA	\$ 21.4	\$ 3.1	-	\$ 24.5	
% Margin	10.1%	12.7%		10.3%	
Diluted Shares Outstanding	13.1			13.1	
EPS	\$ 0.56			\$ 0.57	
Accretion \$				\$ 0.01	
Accretion %				1.8%	

Notes: % Margin indicates line item immediately preceding stated as a percent of revenue  
See reconciliation of non-GAAP financials measures on page 14 of this presentation



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## Use of Existing Credit Facilities

- The acquisition was fully funded with senior debt by reloading the Company's existing secured credit facility
  - Term loan and cash reserves were used for the transaction; no revolver borrowings were needed to complete the transaction
- Availability driven by cash generation and pre-paydown of debt in the 4<sup>th</sup> quarter
- Strong cash generation expected to continue through integration of IBA onto DLH financial platform

(in millions)	S3 Acq. Jun 7 2019	Fiscal 2019 Q4	Fiscal 2020 Q3	Fiscal 2020 Q4
Term debt (legacy)	\$ 70.0	\$ 56.0	\$ 44.5	\$ 37.0
Term debt (new)	-	-	-	33.0
Total term debt	70.0	56.0	44.5	70.0
(-) Cash & cash equivalents	(1.9)	(1.8)	(0.7)	(1.2)
Net debt	<u>\$ 68.1</u>	<u>\$ 54.2</u>	<u>\$ 43.8</u>	<u>\$ 68.8</u>

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



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# Financial Benefits of the Acquisition

## Highly visible revenue

- Acquired company has approximately \$143 million of total backlog
- Contracts with key customers early in lifecycle with potential for service expansion

## Expected strong free cash flow and debt service

- Free cash flow is further supported by tax-deductible purchase price
- Capital requirements of the business are minimal

## Substantial existing contract base

- The acquired company's contract portfolio supports 97% of its expected FY21 revenue

## Significant potential for combined organic growth

- Revenue growth is driven primarily by continued execution against recuring customer requirements, cross-selling opportunities, and unsaturated customer bases





# Appendix:

## Non-GAAP Reconciliations

This document contains non-GAAP financial information. 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 their comparable GAAP measures is presented in this document, and the definitions of the non-GAAP measures we use 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).



## Reconciliation of net income to EBITDA

Reconciliation of proforma net income to proforma EBITDA for the twelve months end June 30, 2020

(in millions)	DLH	IBA	Adj.	Proforma
Net Income	\$ 7.3	\$ 2.2	\$ (2.1)	\$ 7.4
Interest expense (income)	3.9	-	1.5	5.4
Provision for taxes	3.0	0.9	(0.9)	3.0
Depreciation and amortization	7.2	-	1.5	8.7
EBITDA	<u>\$ 21.4</u>	<u>\$ 3.1</u>	<u>\$ -</u>	<u>\$ 24.5</u>



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REGION HQ

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Kampala, Uganda



Your Mission Is Our Passion

