



# Sidoti Micro-Cap Virtual Conference

August 16, 2023

# Forward-looking statements

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

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events, such as DLH Holdings Corp.'s (“DLH’s”) and Grove Resource Solutions, Inc.’s (“GRSi’s”) future financial performance and the performance of the combined enterprise, including estimates of future revenues, operating income, earnings, and backlog. Any statements that are not statements of historical fact (including without limitation statements to the effect that DLH 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 actual results to differ materially from those indicated by the forward-looking statements. Those risks and uncertainties include, but are not limited to, the following: failure to achieve the anticipated benefits of the GRSi 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 GRSi 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; 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 GRSi and any future acquisitions; and other risks described in DLH's 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 DLH's periodic reports filed with the SEC, including DLH's Annual Report on Form 10-K for the fiscal year ended September 30, 2022, as well as interim quarterly filings thereafter. The forward-looking statements contained herein are made as of the date hereof. DLH does not assume any responsibility for updating forward-looking statements, except as may be required by law.

# Why invest in DLH

Consistent growth, minimal CapEx requirements, and strategy crafted for future growth



## Sustainable revenue growth

A decade-plus of consecutive revenue growth, powered by organic contract expansion, new business, and acquisitions



## Favorable operating model drives strong cash flow

Strength of government services market, favorable contract mix, and disciplined management produce strong cash flow



## Long-standing customer relationships

Customer intimacy resulting in trusted partnerships with some of the Federal government's largest agencies



## Enhanced capabilities enjoy broad addressable markets

DLH capabilities aligned with federal budget priorities – notably critical government modernization efforts



## Strong track record of delivering complex programs

Supporting award winning customer programs through innovation and collaboration

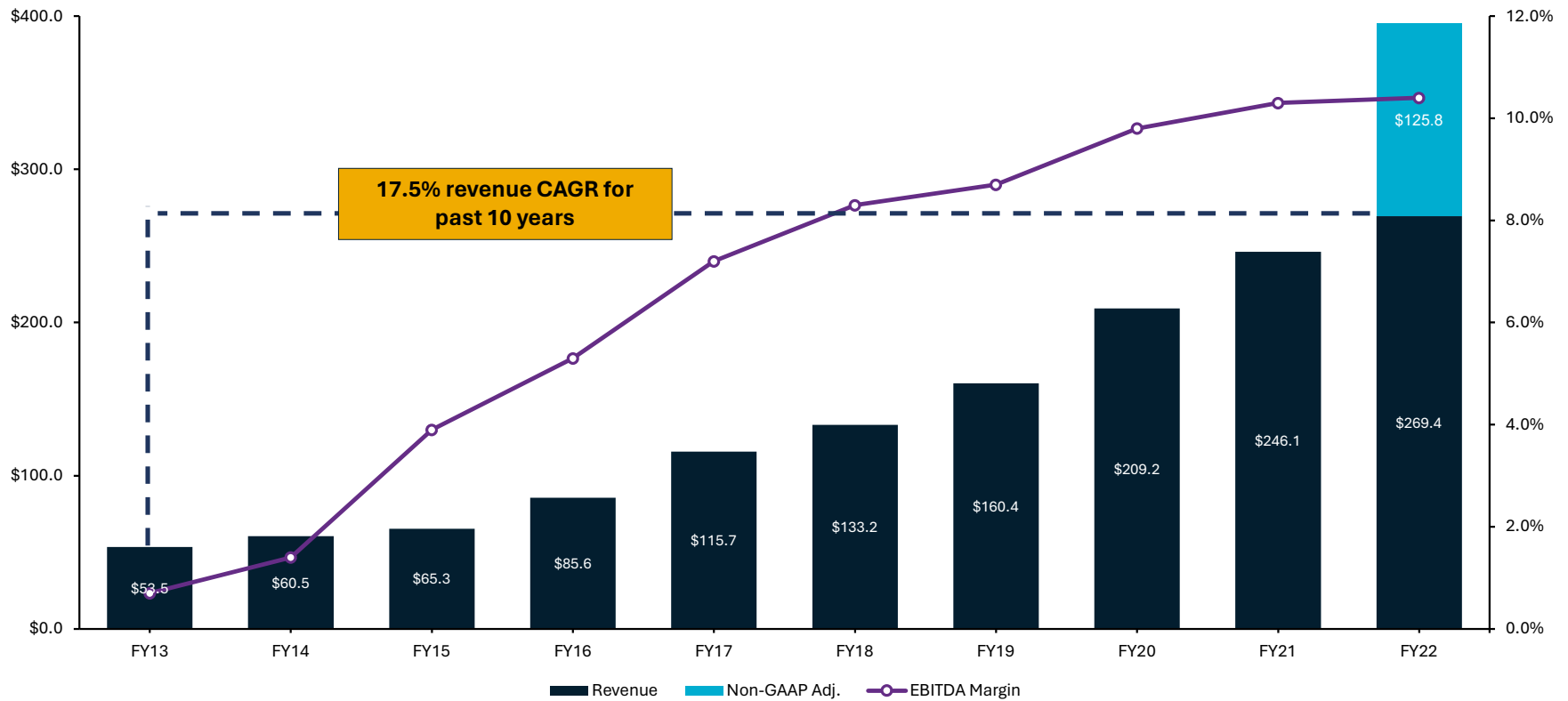


## Advanced technology platform offers differentiated solutions

Investment in new capabilities and technology yields platform for high value growth opportunities

# Proven track record of strong financial performance

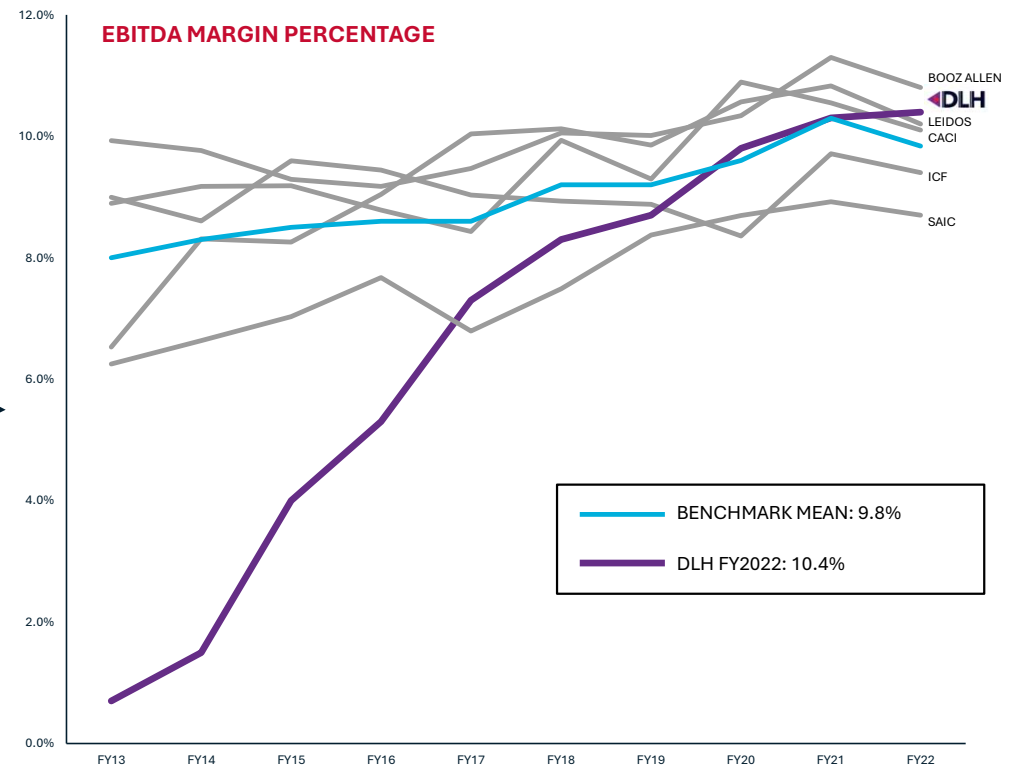
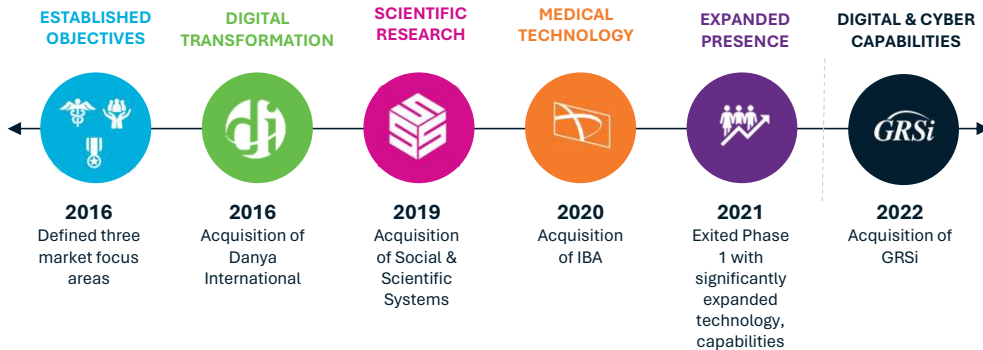
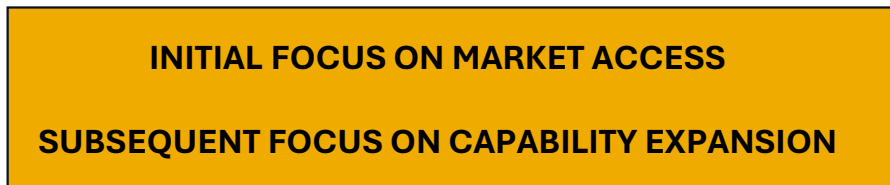
Consistent year-over-year revenue growth resulting in larger EBTIDA margins



<sup>1</sup>Non-GAAP Adjusted Revenue: Revenue from short-term FEMA contracts. A reconciliation is available at the back of this presentation.

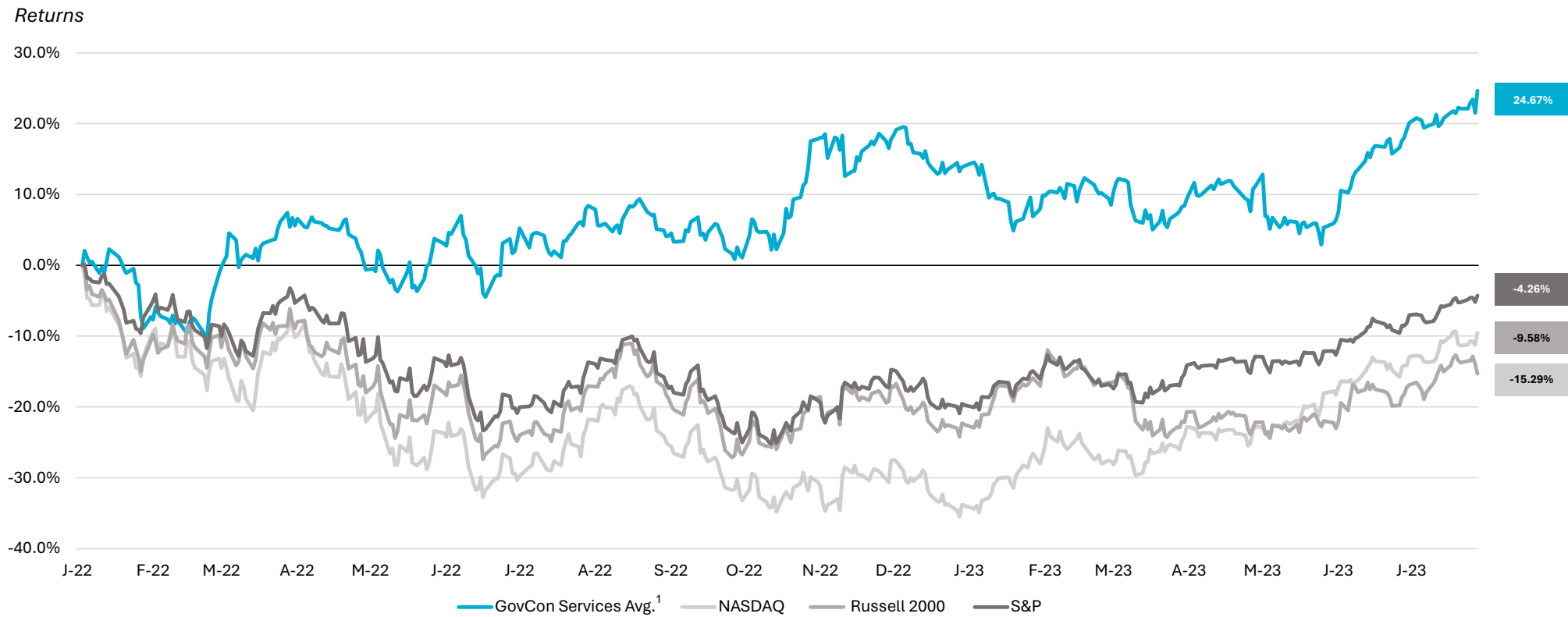
# Implementation of acquisition strategy drove increased value

Focused on capabilities & execution to deliver high value, technology-enabled programs



# GovCon resilience vs. macroeconomic headwinds

Industry has proven track record of stable returns

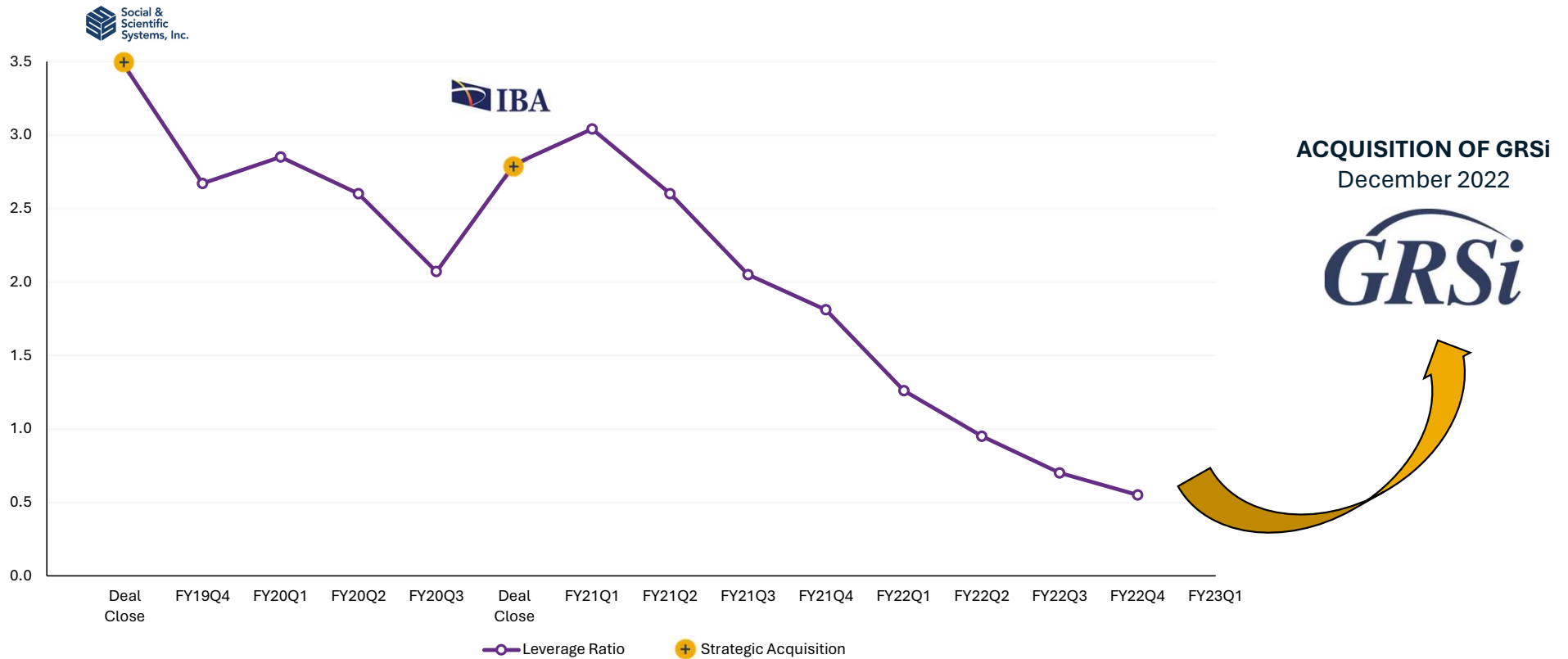


<sup>1</sup>Booz Allen Hamilton, CACI, ICF, Leidos, SAIC

Source: Yahoo! Finance

# Track record of deploying cash flow to pay down debt

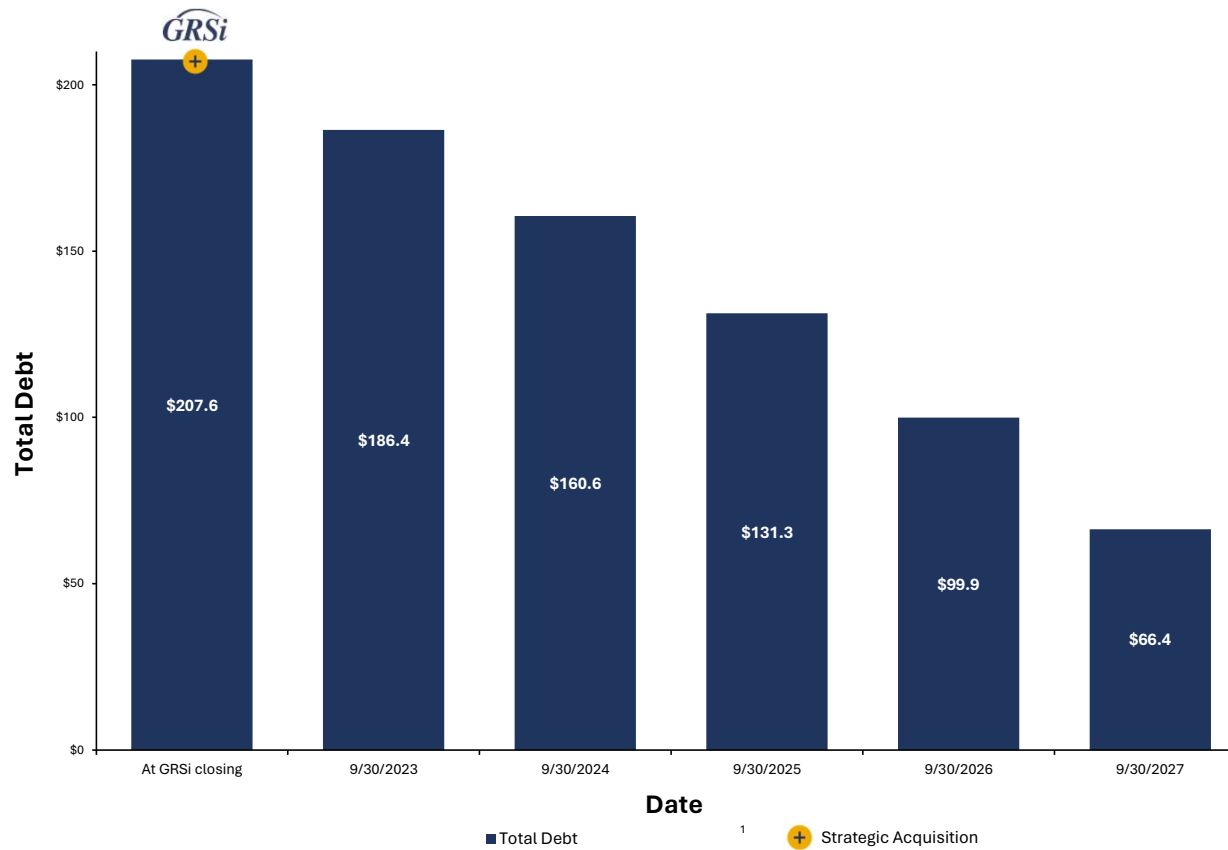
Disciplined corporate development strategy yields increased capabilities, expanded customer access



<sup>1</sup> A reconciliation of the Total Leverage Ratio is included in the back of this presentation

# Capital allocation model to reduce leverage

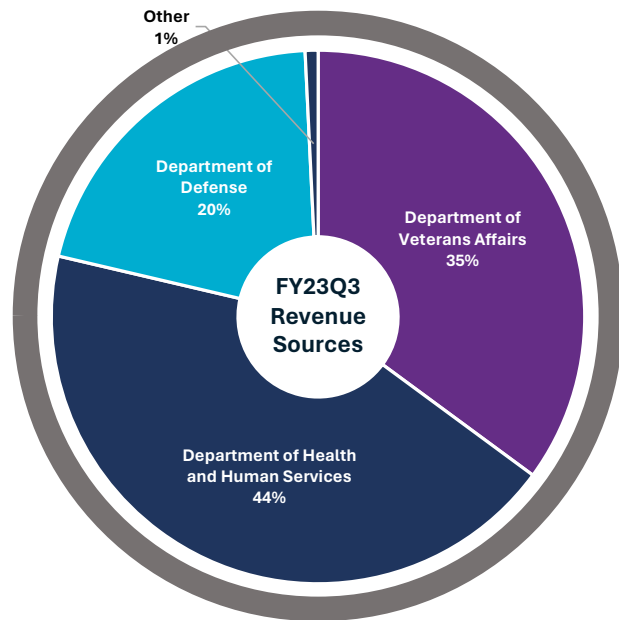
Management anticipates continued aggressive debt paydowns to create avenues for growth & development



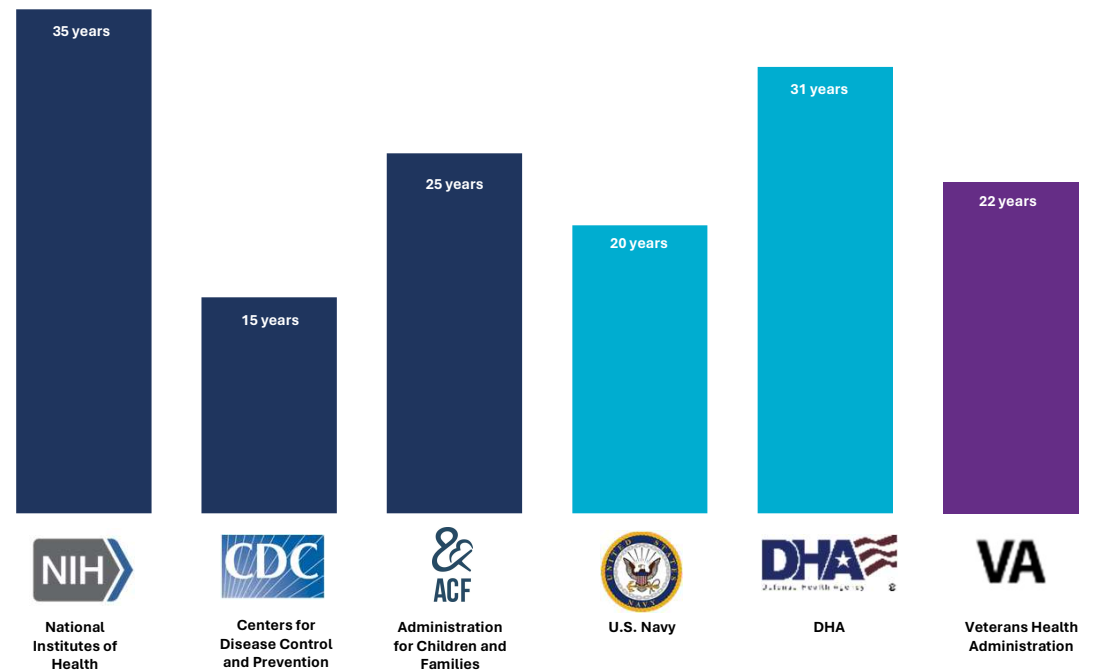


# Serving a broad set of mission-critical customers across government

DLH leverages customer intimacy to shape custom solutions and win new business



Length of relationship, select customers:



# Advanced capabilities power innovative solutions





Leveraging best-in-class technology to meet the needs of government customers



## DIGITAL TRANSFORMATION & CYBERSECURITY

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Modernizing outdated systems, protecting critical information, managing massive amounts of data, and more.







-  Big Data & AI/ML
-  Cloud Enablement
-  Cybersecurity Ecosystem
-  DevSecOps
-  InfiniByte Cloud
-  Modeling, Simulation, and Training



## SCIENCE, RESEARCH, & DEVELOPMENT

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Advancing science and knowledge through our extensive research portfolio and domain expertise.





-  Clinical Trials Research Services
-  Data Sciences and Analytics
-  Health Services Research
-  Testing and Evaluation
-  Public Health Research
-  Pharmacy Operations



## SYSTEMS ENGINEERING & INTEGRATION

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Supplying next-generation systems engineering, delivering best-fit solutions for today and evolution pathways for the future.

-  Enterprise-Edge IT Management
-  Health IT Systems
-  Performance Based Logistics
-  Robotics and Unmanned Systems

# Expanded capabilities & customer reach improve growth posture

Actively engaged in multiple avenues of growth across key existing and new customers

ORGANIC GROWTH

## DLH has multiple avenues available for achieving new business

### LAND AND EXPAND

*Expansion on current work*



*"DLH Expands its Digital Transformation Services for the National Institute on Aging through \$18.6 Million Award"*  
May 15, 2023



*"DLH to Continue Providing Enterprise Integration and Cyber-Hardening for the Naval Information Warfare Center, Atlantic"*  
Apr. 17, 2023

### MULTI-AWARD VEHICLES

*Providing streamlined access to customers seeking a robust set of services*



*Division of Cancer Epidemiology and Genetics (DCEG) IDIQ*  
\$320 million ceiling for all awardees



*Omnibus IV Military Medical Research and Development IDIQ*  
\$10 billion ceiling for all awardees



*IT Support Services BPA*  
\$85 million ceiling for all awardees

### FULL AND OPEN PURSUITS

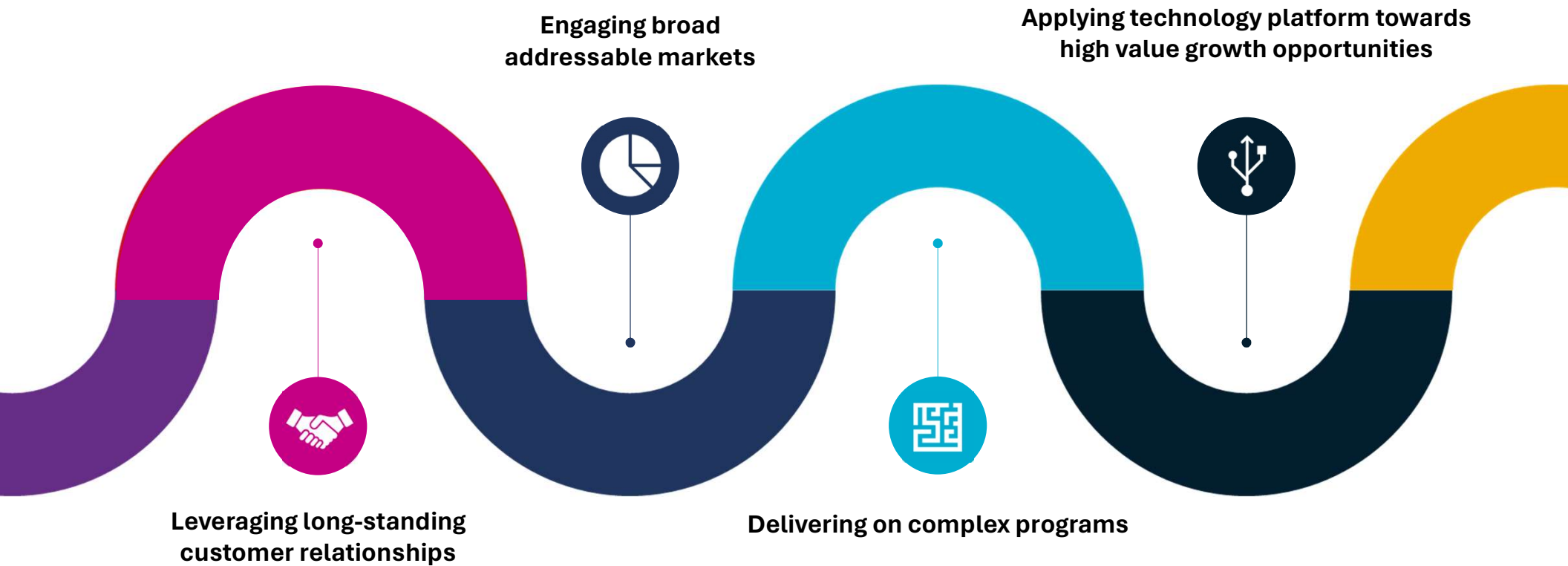
*Utilize expanded capabilities to win standalone contracts*

Key DLH customers and targets:



# Our roadmap for long-term value creation

Long-term strategy aimed at maximizing shareholder value





# APPENDIX

## **Non-GAAP Reconciliations**

This document contains non-GAAP financial information including Adjusted Revenue, EBITDA, and EBITDA Margin on Revenue 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, revenue, operating income, net income or diluted EPS, as measures of operating results, each as defined under GAAP. We have defined these non-GAAP measures as follows:

“Adjusted Revenue” represents revenue less the contribution to revenue from the short-term FEMA task orders and the contribution to revenue from GRSi for the period following the closing of the acquisition.

“EBITDA” represents net income excluding (i) interest expense, (ii) provision for or benefit from income taxes and (iii) depreciation and amortization

“EBITDA Margin” represents EBITDA for the measurement period divided by revenue for the same period

## **Debt Covenant**

We are also including Total Leverage Ratio in this presentation. Total Leverage Ratio is used for the purpose of testing the Maximum Total Leverage Ratio covenant in our Second Amended and Restated Credit Agreement dated December 8, 2022 (the “Credit Agreement”), which provides for a maximum total leverage ratio from 4.50 to 2.00 for all periods commencing from closing date through the term of the loan. Management considers the Total Leverage Ratio to be an important indicator of the Company’s ability to incur additional debt, its ability to service existing debt and the extent of our compliance with the leverage covenant in the Credit Agreement. We believe that analysts and investors use this metric to assess the Company’s ability to service existing debt and our liquidity, generally. The reconciliation of the Total Leverage Ratio is presented in the appendix to this presentation. As used in this presentation, Total Leverage Ratio, which is not calculated in accordance with GAAP, is defined as total debt as of the respective date(s) presented herein, divided by Consolidated EBITDA for the period(s) then ended. Total Leverage Ratio and Consolidated EBITDA are calculated in accordance with the Credit Agreement.

# Reconciliation of Trending EBITDA

|  | Twelve Months Ended September 30, |          |          |          |           |           |           |           |           |           |
|--|-----------------------------------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | 2013                              | 2014     | 2015     | 2016     | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      |
| <i>(amount in thousands)</i>               |                                   |          |          |          |           |           |           |           |           |           |
| <b>Net (loss)/income</b>                   | \$ (159)                          | \$ 5,357 | \$ 8,728 | \$ 3,384 | \$ 3,288  | \$ 1,836  | \$ 5,324  | \$ 7,114  | \$ 10,145 | \$23,288  |
| <b>(i) Interest expense/other (income)</b> | 407                               | 4        | (744)    | 823      | 1,228     | 1,116     | 2,473     | 3,441     | 3,784     | 2,215     |
| <b>(ii) (Benefit)/provision for taxes</b>  | -                                 | (4,597)  | (5,488)  | (938)    | 2,114     | 5,830     | 2,171     | 2,906     | 3,294     | 7,775     |
| <b>(iii) Depreciation and amortization</b> | 121                               | 106      | 55       | 1,244    | 1,754     | 2,242     | 3,956     | 7,003     | 8,115     | 7,665     |
| <b>EBITDA</b>                              | \$ 369                            | \$ 870   | \$ 2,551 | \$ 4,513 | \$ 8,384  | \$11,024  | \$13,924  | \$20,464  | \$25,338  | \$40,943  |
| <b>Revenue</b>                             | \$53,506                          | \$60,493 | \$65,346 | \$85,602 | \$115,662 | \$133,236 | \$160,391 | \$209,185 | \$246,094 | \$395,173 |
| <b>Net income Margin</b>                   | -0.3%                             | 8.9%     | 13.4%    | 4.0%     | 2.8%      | 1.4%      | 3.3%      | 3.4%      | 4.1%      | 5.9%      |
| <b>EBITDA Margin</b>                       | 0.7%                              | 1.4%     | 3.9%     | 5.3%     | 7.2%      | 8.3%      | 8.7%      | 9.8%      | 10.3%     | 10.4%     |



# Reconciliation of Leverage Ratio

(amounts in millions)

|                              | 6/7/2019 | 9/30/2019 | 12/31/2019 | 3/31/2020 | 6/30/2020 | 9/30/2020            | 12/31/2020 | 3/31/2021 | 6/30/2021 | 9/30/2021 | 12/30/2021 | 3/31/2022 | 6/30/2022 | 9/30/2022 |
|------------------------------|----------|-----------|------------|-----------|-----------|----------------------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| <b>Term Loan<sup>1</sup></b> | \$ 70.0  | \$ 56.0   | \$ 56.0    | \$ 53.0   | \$ 44.5   | \$ 70.0 <sup>1</sup> | \$ 68.3    | \$ 62.8   | \$ 53.8   | \$ 46.8   | \$ 42.9    | \$ 37.5   | \$ 28.5   | \$ 22.0   |
| <b>Revolving Credit Loan</b> | -        | -         | 1.8        | 2.0       | -         | -                    | 9.2        | -         | -         | -         | -          | -         | -         | -         |
| <b>Letters of Credit</b>     | -        | 1.7       | 1.7        | 1.7       | 2.0       | 2.0                  | 2.0        | 2.0       | 2.1       | 2.1       | 2.1        | 2.1       | 2.1       | 2.1       |
| <b>Total Funded Debt</b>     | \$ 70.0  | \$ 57.7   | \$ 59.5    | \$ 56.7   | \$ 46.5   | \$ 72.0              | \$ 79.4    | \$ 64.7   | \$ 55.9   | \$ 48.8   | \$ 45.0    | \$ 39.6   | \$ 30.6   | \$ 24.1   |
| <b>Consolidated EBITDA</b>   | \$ 20.2  | \$ 21.7   | \$ 20.9    | \$ 21.8   | \$ 22.5   | \$ 25.7              | \$ 26.1    | \$ 26.5   | \$ 27.3   | \$ 28.1   | \$ 35.6    | \$ 41.5   | \$ 44.0   | \$ 44.2   |
| <b>Total Leverage Ratio</b>  | 3.5      | 2.7       | 2.8        | 2.6       | 2.1       | 2.8                  | 3.0        | 2.4       | 2.0       | 1.7       | 1.3        | 1.0       | 0.7       | 0.5       |

<sup>1</sup>The term loan balance on September 30, 2020, includes \$33 million used to complete the acquisition of Irving Burton Associates, LLC.



## About DLH

DLH enhances public health and national security readiness missions through science, technology, cyber, and engineering solutions and services. Our experts solve some of the most complex and critical missions faced by federal customers, leveraging digital transformation, artificial intelligence, advanced analytics, cloud-based applications, telehealth systems, and more. With over 3,200 employees dedicated to the idea that “Your Mission is Our Passion,” DLH brings a unique combination of government sector experience, proven methodology, and unwavering commitment to innovative solutions to improve the lives of millions.