
FY2025 Third Quarter Earnings

Three Months Ended
6.30.25

August 7, 2025

Call Participants

Zach Parker

President and Chief Executive Officer

Kathryn JohnBull

Chief Financial Officer



Forward-Looking Statements

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

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or DLH’s future financial performance. Any statements that refer to expectations, projections or other characterizations of future events or circumstances or that are not statements of historical fact (including without limitation statements to the effect that the Company or its management “believes”, “expects”, “anticipates”, “plans”, “intends” and similar expressions) should be considered forward looking statements that involve risks and uncertainties which could cause actual events or DLH’s actual results to differ materially from those indicated by the forward-looking statements. Forward-looking statements in this release include, among others, statements regarding estimates of future revenues, operating income, earnings and cash flow. 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: 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 diversion of management’s attention from normal daily operations of the business and the challenges of managing larger and more widespread; the inability to retain employees and customers; contract awards in connection with re-competes for present business and/or competition for new business; our ability to manage our increased debt obligations; compliance with bank financial and other covenants; changes in client budgetary priorities; government contract procurement (such as bid and award protests, small business set asides, loss of work due to organizational conflicts of interest, etc.) and termination risks; the impact of inflation and higher interest rates; 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, 2024, 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.

CEO key updates



Fiscal 2025 Q3

Robust cash generation and sustaining margin delivery remain key tools to reduce debt

- \$142.3 million total debt, a reduction of \$9.4 million from Q2
- Mandatory term debt paid through June 30, 2026, a year ahead of schedule

The Administration's actions shows an increasing focus on digital transformation and cyber security

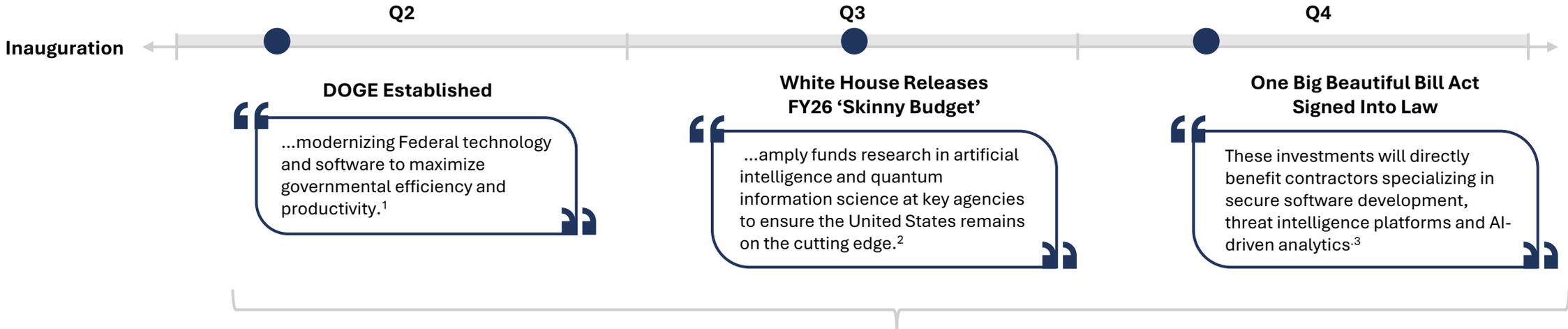
- Federal marketplace is dynamic as spending priorities are finalized for the next fiscal year
- The Administration's Fiscal 2026 budget proposes increased spending on technology integration, cyber defenses, and AI/ML insertion

DLH AI, robotics, virtual reality, and automation solutions recognized for innovation

- DLH's solutions developed in collaboration with military health community recognized as top IT programs by peers
- Each demonstrates mission critical work carried out by DLH data scientists, engineers, and health experts

DLH capabilities align with federal technology initiatives

Administration actions bolster DLH markets as budget & funding priorities take shape



Featuring advanced technology opportunities across markets:

- AI/ML
- C5ISR Systems
- Clinical Research
- Cybersecurity
- Cloud
- Data Analytics
- Modeling & Simulation
- R&D
- Software Development
- Surveillance
- System Integration

¹Establishing and Implementing the President’s “Department of Government Efficiency”, the White House
²The White House Office of Management and Budget Releases the President’s Fiscal Year 2026 Skinny Budget, the White House
³Trump’s One Big Beautiful Bill: Tech And Cybersecurity Implications, Forbes

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Financials

Kathryn JohnBull, Chief Financial Officer

Q3 FY25 results

\$ millions

Revenue



\$65.2 million TPS¹

\$56.4 million TPS

- + Contribution from new contract awards
- Contract unbundling ,transition to set-aside contractors & DOGE-related scope reduction

EBITDA



- + Scaled variable indirect costs
- Contract unbundling and transition to set-aside contractors

Cash from Operations²



- ↔ Strong cash collections in Q3, paced by a reduction in DSO

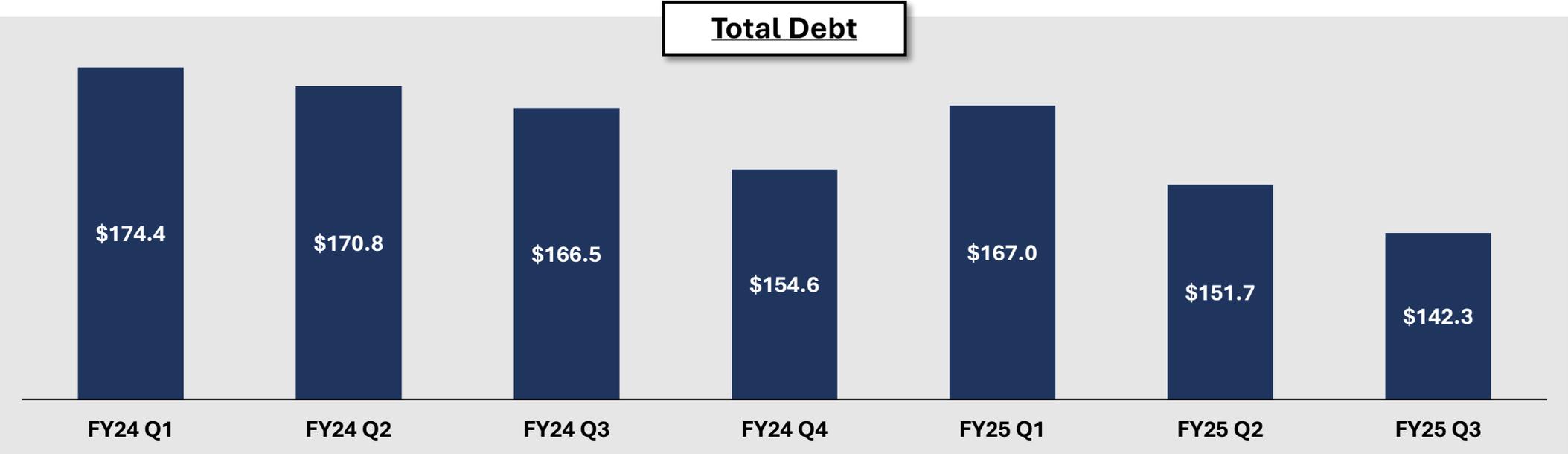
¹Revenue from Technology-Powered Solutions excludes that from the VA CMOP program
²Year to Date

Strong collections result in \$9.4M in debt reduction

Debt reduction, organic growth remain capital allocation priorities

Debt reduced by \$9.4 million in Q3 to \$142.3 million

- Mandatory term debt paid through June 30, 2026, a year ahead of schedule
- Adequate liquidity available through collections and revolver availability
- Remain confident that 50 – 55% of EBITDA will convert to debt reduction by fiscal year end





Your Mission is Our Passion



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Appendix

Non-GAAP Reconciliations

This document contains non-GAAP financial information including EBITDA and EBITDA as a percent of revenue which 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 and net income as measures of operating results, each as defined under GAAP. We have defined these non-GAAP measures as follows:

“EBITDA” represents net income excluding depreciation and amortization, interest expense, and provision for or benefit from income taxes

"EBITDA as a percent of revenue" is EBITDA for the measurement period divided by revenue for the same period.

(in thousands)	Three Months Ended		
	June 30,		
	2025	2024	Change
Net income	\$289	\$1,139	\$(850)
Depreciation and amortization	4,308	4,272	36
Interest expense, net	3,540	4,143	(603)
Provision for income tax expense (benefit)	(74)	481	(555)
EBITDA	\$8,063	\$10,035	\$(1,972)
Net income Margin on Revenue	0.4%	1.1%	
EBITDA Margin on Revenue	9.7%	10.0%	