



FY2024 Third Quarter Earnings

Three Months Ended 6.30.24

August 1, 2024



Call Participants

Zach Parker

President and Chief Executive Officer

Kathryn JohnBull

Chief Financial Officer

Forward-Looking Statements

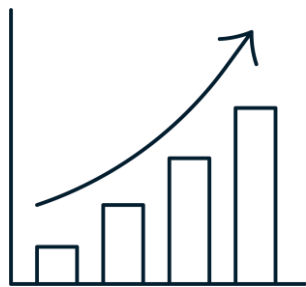


“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995:

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, 2023, 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.

Q3 Financial Highlights

Revenue



\$100.7M

EBITDA



\$10.0M

Cash from Operations¹



\$14.9M

Debt Balance



\$166.5M



Updates

- **Robust pipeline of qualified new business opportunities through all markets we support**
 - Proposal volume increasing, though Govt decision queue continues to experience delays
- **Procurement process resets for 7 remaining VA CMOP facilities**
 - Opportunities remain set-aside for SDVOSB
- **DLH experts expand thought leadership roles across communities of practice**
 - Raising our profile in public health and military readiness research with extensive presentation and publication portfolio

Financials

Kathryn JohnBull, Chief Financial Officer

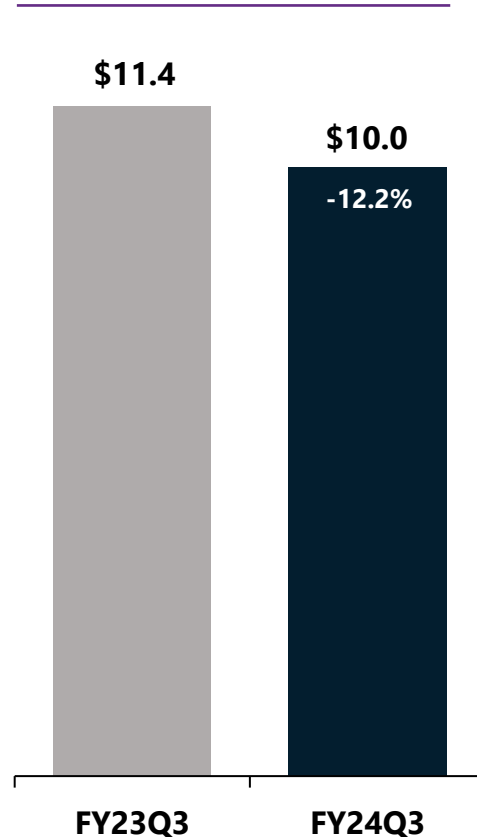
Key Financial Results (\$ in millions)



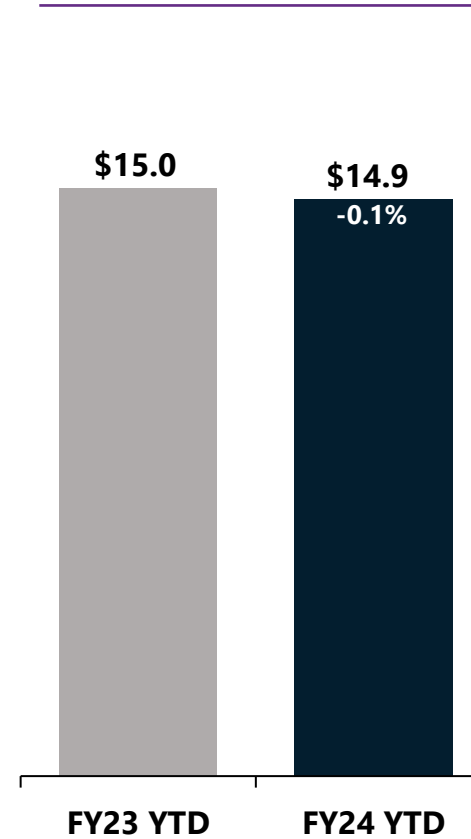
Revenue



EBITDA



Cash from Operations

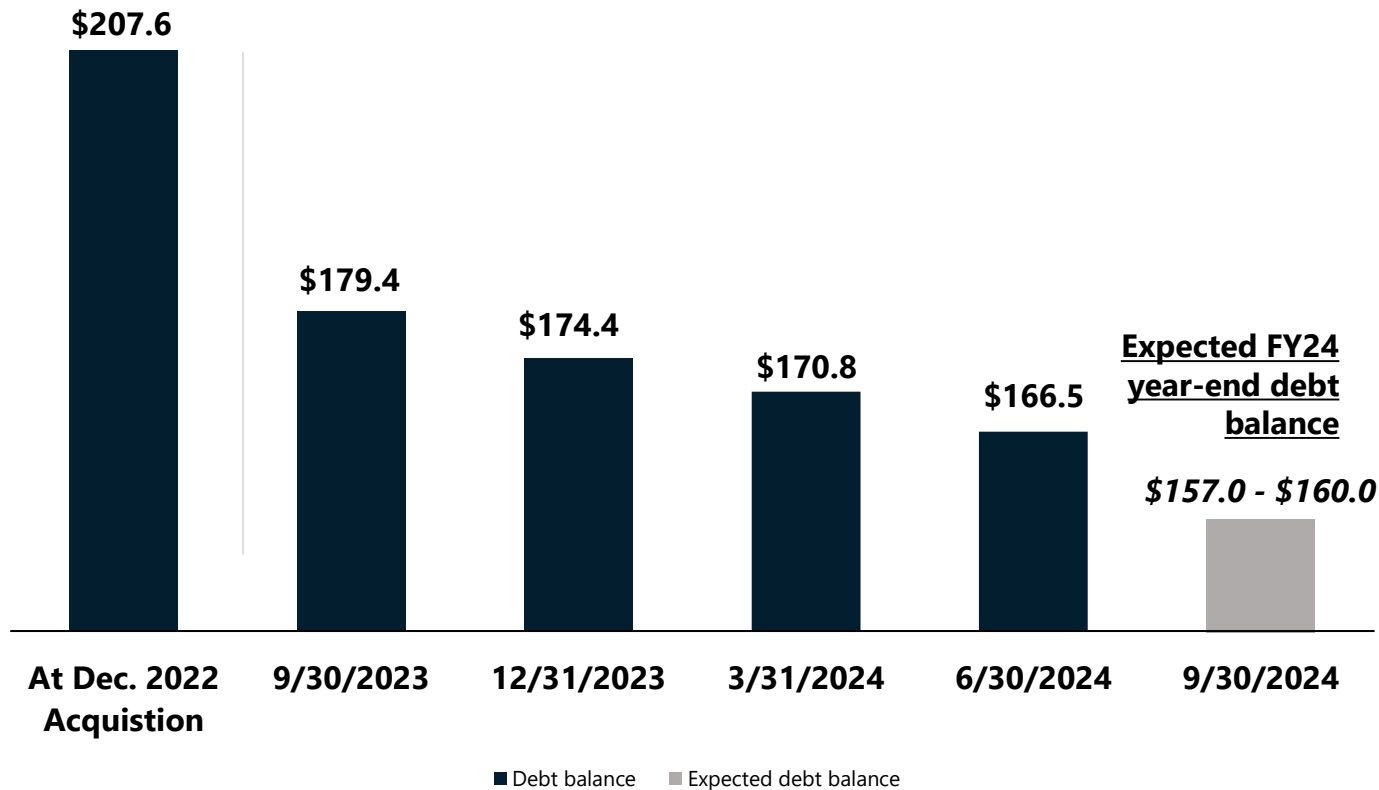


- Revenue change principally due to expansion on public health and enterprise information technology management projects, offset in part by small business conversion headwinds
- Fiscal 2024 Q3 EBITDA impacted by the timing of non-labor costs that have inherently lower margins
- Continued cash generation from operations through optimizing cash collections resulting in term debt reduction

Quarterly Debt Paydown (\$ in millions)



Q3 voluntary prepayments of \$4.3M, all applied to floating rate debt



- Mandatory payments satisfied through fiscal 2025 Q2
- Continuing to utilize voluntary prepayments to reduce future cash interest and achieve debt leverage ratio ~3.5x by the end of fiscal 2024
- Cash interest savings from potential rate cut provides opportunity to accelerate debt paydown program



Questions?

Thank you!



Appendix

Non-GAAP Reconciliations

This document contains non-GAAP financial information including EBITDA 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 and operating 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 (i) interest expense, (ii) provision for or benefit from income taxes and (iii) depreciation and amortization

EBITDA Reconciliation

	Three Months Ended		
	June 30,		
<i>(in thousands)</i>	2024	2023	Change
Net income	\$ 1,139	\$ 1,738	\$ (598)
(i) Interest expense, net	4,143	4,917	(774)
(ii) Income tax expense	481	452	28
(iii) Depreciation and amortization	4,272	4,280	(8)
EBITDA	\$ 10,035	\$ 11,387	\$ (1,352)

