

**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): May 5, 2021**

**DLH Holdings Corp.**

(Exact name of Registrant as Specified in its 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)

(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:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
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 communications 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.

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

On May 5, 2021, DLH Holdings Corp. announced by press release its financial results for its fiscal quarter ended March 31, 2021. A copy of the press release is attached hereto as Exhibit 99.1.

The information furnished pursuant to Item 2.02 of this Current Report, including Exhibit 99.1, shall not be deemed “filed” for the 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, nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01** Financial Statements and Exhibits

(d) *Exhibits*

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

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Title or Description</u></b>
<a href="#"><u>99.1</u></a>	<a href="#"><u>Press Release dated May 5, 2021.</u></a>

**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: May 5, 2021

## DLH Reports Fiscal 2021 Second Quarter Results

*Revenue Milestone of \$61.5 Million; Operating Margins Expand; Enhanced Revenue Visibility from April CMOP Award*

Atlanta, Georgia – May 5, 2021 - DLH Holdings Corp. (NASDAQ: DLHC) (“DLH” or the “Company”), a leading provider of innovative healthcare services and solutions to federal agencies, today announced financial results for its fiscal second quarter ended March 31, 2021.

### **Highlights**

- Second quarter revenue increased to \$61.5 million in fiscal 2021 from \$54.8 million in fiscal 2020, reflecting the acquisition of Irving Burton Associates (“IBA”)
- Operating margins rose to 7.5% in the current year second quarter from 7.0% in the prior-year period
- Earnings were \$2.6 million, or \$0.19 per diluted share, for the fiscal 2021 second quarter versus \$2.1 million, or \$0.16 per diluted share, for the second quarter of fiscal 2020
- After the end of the quarter, in April 2021, the Company announced it had won the Consolidated Mail Outpatient Pharmacy (“CMOP”) logistics re-compete with U.S. Department of Veterans Affairs (“VA”), worth approximately \$202 million over five years
- Contract backlog was \$608.7 million as of March 31, 2021, excluding the subsequent CMOP logistics award of approximately \$202 million.

### **Management Discussion**

“We continued to see positive trends this quarter impacting all aspects of our performance, supporting our confidence for the year ahead,” said DLH President and Chief Executive Officer Zach Parker. “Revenue rose 12% versus the comparable period in 2020, and we reported improved operating margins of 7.5% along with earnings of \$0.19 per share. We remain focused on de-levering the Company further as the year progresses and affirm our prior estimate of a debt balance of \$50 to \$52 million at fiscal year end. We’re actively bidding on numerous other opportunities within our core markets, underscoring our positive outlook for the remainder of fiscal 2021.

“In April, we announced that the VA had awarded us a follow-on contract to provide medical logistics for its CMOP program, which we’ve now managed for over two decades. The VA’s confidence in our ability to continue providing this invaluable service – made even more important by the pandemic – speaks volumes to the capabilities of our staff and demonstrates our commitment to this agency. We are honored by the award of this contract, which includes a base period of one year and four one-year options, providing enhanced revenue visibility and stability.”

### **Results for the Three Months Ended March 31, 2021**

Revenue for the second quarter of fiscal 2021 was \$61.5 million versus \$54.8 million in the prior-year period. The increase was due principally to the Company’s IBA acquisition, completed September 30, 2020, which added approximately \$7.4 million in revenue; partially offset by reductions in travel-related program revenue compared to

the prior-year period. The reduction in travel-related program revenue was primarily due to the COVID-19 pandemic.

Income from operations was \$4.6 million for the quarter versus \$3.8 million in the prior-year period and, as a percent of revenue, the Company reported an operating margin of 7.5% in fiscal 2021 versus 7.0% in fiscal 2020. The current year performance reflects increased revenue contribution from time and materials programs, which generally yield stronger returns than cost reimbursable contracts, and lower general and administrative ("G&A") expenses, partially offset by higher depreciation and amortization. Interest expense in the quarter increased to \$1.0 million, versus \$0.9 million for the three months ended March 31, 2020, due to higher outstanding debt levels, reflecting the acquisition of IBA. Income before taxes was \$3.6 million for the quarter versus \$2.9 million in fiscal 2020, representing 5.9% and 5.3% of revenue, respectively, for each period.

For the three months ended March 31, 2021 and 2020, respectively, DLH recorded a \$1.0 million and \$0.9 million provision for tax expense. The Company reported net income of approximately \$2.6 million, or \$0.19 per diluted share, for the second quarter of fiscal 2021 versus \$2.1 million, or \$0.16 per diluted share, for the second quarter of fiscal 2020. As a percent of revenue, net income was 4.2% for the second quarter of fiscal 2021 versus 3.7% for the prior year period.

On a non-GAAP basis, EBITDA for the three months ended March 31, 2021 was approximately \$6.6 million versus \$5.6 million in the prior-year period, or 10.8% and 10.2% of revenue, respectively.

#### **Key Financial Indicators**

Fiscal year to date, DLH has generated \$6.1 million in operating cash, and has paid down \$7.2 million of its secured loan facility. The Company anticipates strong operating cash flow for the remainder of the fiscal year and intends to continue using cash to make debt prepayments when possible.

As of March 31, 2021, the Company had cash and cash equivalents of \$0.4 million and debt outstanding under its credit facility of \$62.8 million, versus cash of \$1.4 million and debt outstanding of \$70.0 million as of September 30, 2020.

At March 31, 2021, total backlog was approximately \$608.7 million, including funded backlog of approximately \$84.6 million, and unfunded backlog of \$524.1 million. The backlog excluded the April CMOP logistics contract award of approximately \$202 million.

#### **Conference Call and Webcast Details**

DLH management will discuss second quarter results and provide a general business update, including current competitive conditions and strategies, during a conference call beginning at 11:00 AM Eastern Time Thursday, May 6, 2021. Interested parties may listen to the conference call by dialing 888-347-5290 or 412-317-5256. Presentation materials will also be posted on the Investor Relations section of the DLH website prior to the commencement of the conference call.

A digital recording of the conference call will be available for replay two hours after the completion of the call and can be accessed on the DLH Investor Relations website or by dialing 877-344-7529 and entering the conference ID 10149431.

## **About DLH**

DLH delivers improved health and readiness solutions for federal programs through research, development, and innovative care processes. The Company's experts in public health, performance evaluation, and health operations solve the complex problems faced by civilian and military customers alike, leveraging digital transformation, artificial intelligence, advanced analytics, cloud-based applications, telehealth systems, and more. With over 2,200 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 public health to improve the lives of millions. For more information, visit [www.DLHcorp.com](http://www.DLHcorp.com).

### **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: 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 risk that we will not realize the anticipated benefits of our recent or any future acquisition; the challenges of managing larger and more widespread operations resulting from our recent acquisition; contract awards in connection with re-competes for present business and/or competition for new business; compliance with new 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 ability to successfully integrate the operations our recent acquisition and of 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, 2020, 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.*

### **CONTACTS:**

#### **INVESTOR RELATIONS**

Contact: Chris Witty

Phone: 646-438-9385

Email: [cwitty@darrowir.com](mailto:cwitty@darrowir.com)

TABLES TO FOLLOW

**DLH HOLDINGS CORP.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Amounts in thousands except per share amounts)

	(unaudited)		Six Months Ended	
	Three Months Ended		March 31,	
	2021	2020	2021	2020
Revenue	\$ 61,506	\$ 54,798	\$ 119,358	\$ 107,036
Cost of Operations:				
Contract costs	48,722	42,941	94,727	84,281
General and administrative costs	6,135	6,260	12,285	12,174
Depreciation and amortization	2,029	1,760	4,091	3,619
Total operating costs	56,886	50,961	111,103	100,074
<b>Income from operations</b>	<b>4,620</b>	<b>3,837</b>	<b>8,255</b>	<b>6,962</b>
Interest expense, net	1,004	906	2,084	1,846
<b>Income before income taxes</b>	<b>3,616</b>	<b>2,931</b>	<b>6,171</b>	<b>5,116</b>
Income tax expense	1,049	855	1,790	1,488
<b>Net income</b>	<b>\$ 2,567</b>	<b>\$ 2,076</b>	<b>\$ 4,381</b>	<b>\$ 3,628</b>
Net income per share - basic	\$ 0.20	\$ 0.17	\$ 0.35	\$ 0.30
Net income per share - diluted	\$ 0.19	\$ 0.16	\$ 0.32	\$ 0.28
Weighted average common shares outstanding				
Basic	12,544	12,299	12,521	12,193
Diluted	13,570	13,003	13,568	12,886

**DLH HOLDINGS CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands except par value of shares)

	March 31, 2021	September 30, 2020
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 420	\$ 1,357
Accounts receivable	41,675	32,541
Other current assets	3,469	3,499
<b>Total current assets</b>	<b>45,564</b>	<b>37,397</b>
Equipment and improvements, net	2,593	3,339
Operating lease right-of-use assets	21,055	22,427
Deferred taxes, net	—	37
Goodwill	65,643	67,144
Intangible assets, net	50,762	52,612
Other long-term assets	539	606
<b>Total assets</b>	<b>\$ 186,156</b>	<b>\$ 183,562</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Debt obligations - current, net of deferred financing costs	\$ 3,124	\$ 6,727
Operating lease liabilities - current	2,130	2,045
Accrued payroll	12,012	10,611
Accounts payable, accrued expenses, and other current liabilities	30,824	28,578
<b>Total current liabilities</b>	<b>48,090</b>	<b>47,961</b>
Long-term liabilities:		
Deferred taxes, net	1,475	—
Debt obligations - long term, net of deferred financing costs	57,199	60,544
Operating lease liabilities - long-term	20,499	21,620
<b>Total long-term liabilities</b>	<b>79,173</b>	<b>82,164</b>
<b>Total liabilities</b>	<b>127,263</b>	<b>130,125</b>
Shareholders' equity:		
Common stock, \$0.001 par value; authorized 40,000 shares; issued and outstanding 12,545 and 12,404 at March 31, 2021 and September 30, 2020, respectively	13	12
Additional paid-in capital	86,942	85,868
Accumulated deficit	(28,062)	(32,443)
<b>Total shareholders' equity</b>	<b>58,893</b>	<b>53,437</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 186,156</b>	<b>\$ 183,562</b>



**DLH HOLDINGS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in thousands)

	Six Months Ended March 31,	
	2021	2020
	(unaudited)	
<b>Operating activities</b>		
Net income	\$ 4,381	\$ 3,628
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	4,091	3,619
Amortization of deferred financing costs	413	374
Stock based compensation expense	844	384
Deferred taxes, net	1,512	1,258
Gain from lease modification	—	(121)
Changes in operating assets and liabilities		
Accounts receivable	(9,134)	(11,722)
Other current assets	30	(1,211)
Accrued payroll	1,401	1,913
Accounts payable, accrued expenses, and other current liabilities	2,245	2,280
Other long-term assets/liabilities	336	260
<b>Net cash provided by operating activities</b>	<b>6,119</b>	<b>662</b>
<b>Investing activities</b>		
Business acquisition adjustment, net of cash acquired	59	—
Purchase of equipment and improvements	(53)	(141)
<b>Net cash provided by (used in) investing activities</b>	<b>6</b>	<b>(141)</b>
<b>Financing activities</b>		
Borrowing on revolving line of credit, net	—	2,000
Repayment of senior debt	(7,250)	(3,000)
Payment of deferred financing costs	(43)	(3)
Repurchased shares of common stock	—	(211)
Proceeds from issuance of common stock upon exercise of options	231	27
<b>Net cash used in financing activities</b>	<b>(7,062)</b>	<b>(1,187)</b>
Net change in cash and cash equivalents	(938)	(666)
Cash and cash equivalents at beginning of year	1,357	1,790
<b>Cash and cash equivalents at end of year</b>	<b>\$ 420</b>	<b>\$ 1,124</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the period for interest	\$ 1,639	\$ 1,583
Cash paid during the period for income taxes	\$ 184	\$ 409
<b>Supplemental disclosures of non-cash activity</b>		
Non-cash cancellation of common stock	\$ —	\$ 211

## Revenue Metrics

	Six Months Ended	
	March 31, 2021	March 31, 2020
<b>Market Mix:</b>		
Defense/VA	59 %	47 %
Human Services and Solutions	14 %	21 %
Public Health/Life Sciences	27 %	32 %
<b>Contract Mix:</b>		
Time and materials	76 %	70 %
Cost reimbursable	20 %	28 %
Firm fixed price	4 %	2 %
<b>Prime vs Sub:</b>		
Prime	89 %	93 %
Subcontractor	11 %	7 %

## Non-GAAP Financial Measures

The Company uses EBITDA and EBITDA as a percent of revenue as supplemental non-GAAP measures of performance. We define EBITDA as net income excluding (i) interest expense, (ii) provision for or benefit from income taxes and (iii) depreciation and amortization. EBITDA as a percent of revenue is EBITDA for the measurement period divided by revenue for the same period.

These non-GAAP measures of performance are used by management to conduct and evaluate its business during its 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. We believe 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.

## Reconciliation of GAAP net income to EBITDA, a non-GAAP measure:

(amounts in thousands)

	Three Months Ended			Six Months Ended		
	March 31,			March 31,		
	2021	2020	Change	2021	2020	Change
Net income	\$ 2,567	\$ 2,076	\$ 491	\$ 4,381	\$ 3,628	\$ 753
(i) Interest expense, net	1,004	906	98	2,084	1,846	238
(ii) Provision for taxes	1,049	855	194	1,790	1,488	302
(iii) Depreciation and amortization	2,029	1,760	269	4,091	3,619	472
<b>EBITDA</b>	<b>\$ 6,649</b>	<b>\$ 5,597</b>	<b>\$ 1,052</b>	<b>\$ 12,346</b>	<b>\$ 10,581</b>	<b>\$ 1,765</b>
Net income as a % of revenue	4.2 %	3.7 %	0.5 %	3.7 %	3.4%	0.3%
EBITDA as a % of revenue	10.8 %	10.2 %	0.6 %	10.3 %	9.9%	0.4%
Revenue	\$ 61,506	\$ 54,798	\$ 6,708	\$ 119,358	\$ 107,036	\$ 12,322