FY2023 Third Quarter Earnings Presentation:

Three Months Ended 6.30.2023

AUGUST 3, 2023

CALL PARTICIPANTS

Zach Parker
President and CEO

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: the risk that we will not realize the anticipated benefits of our acquisition of GRSi or any other acquisitions (including anticipated future financial performance and results); the diversion of management’s attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from our recent acquisition; 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 ability to successfully integrate the operations of GRSi or any future acquisitions; 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, 2022, 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.

Financial Highlights

REVENUE	OPERATING INCOME	EBITDA[1]
$102.2M	$7.1M	$11.4M

TERM LOAN	BACKLOG	DILUTED EPS
$195.8M	$817.8M	$0.12
Reflects acquisition of GRSi	*As of June 30, 2023*	

[1]A reconciliation of EBITDA is available on slide 16.

Third Quarter Headlines

Awarded Contract Vehicle to Provide Agile Development, Data Sciences, and Strategy Services for the NHLBI

DLH will compete for a wide range of IT solutions in service of the customer's research-based mission through $85 million ceiling, multi-award IDIQ

Post-Acquisition Integration Continues on Schedule

Integration of key business systems (ERP and HRIS) is complete, leading to operational efficiencies. Go-to-market integration is ongoing.

Fiscal Responsibility Act of 2023 Signed into Law

Sets stage for Congress to move forward on appropriating funds for FY24, providing funding targets for defense and non-defense agencies.

FINANCIALS

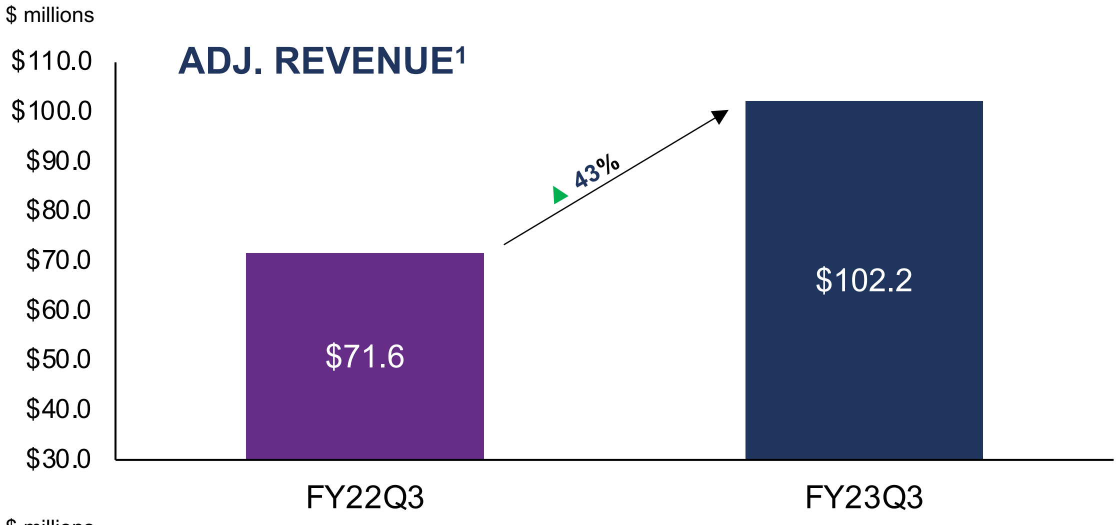
Key Financial Results

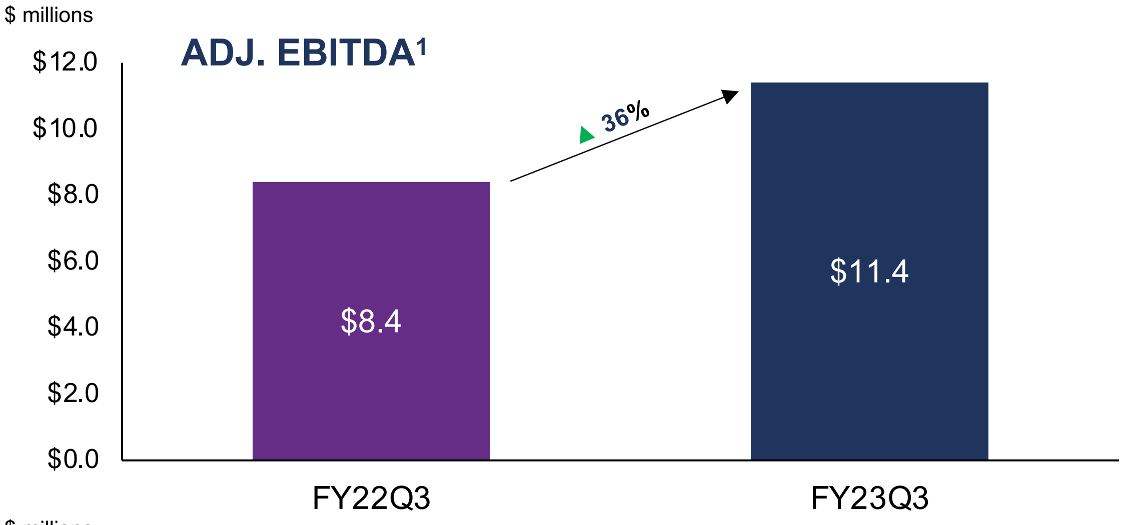
	FY23Q3	FY22Q3
Revenue	$102.2 million	$66.4 million
Adjusted Revenue[1]	$102.2 million	$71.6 million
EBITDA[1]	$11.4 million	$9.0 million
Adjusted EBITDA[1]	$11.4 million	$8.4 million
Operating Income	$7.1 million	$7.1 million
Adjusted Operating Income[1]	$7.1 million	$6.5 million

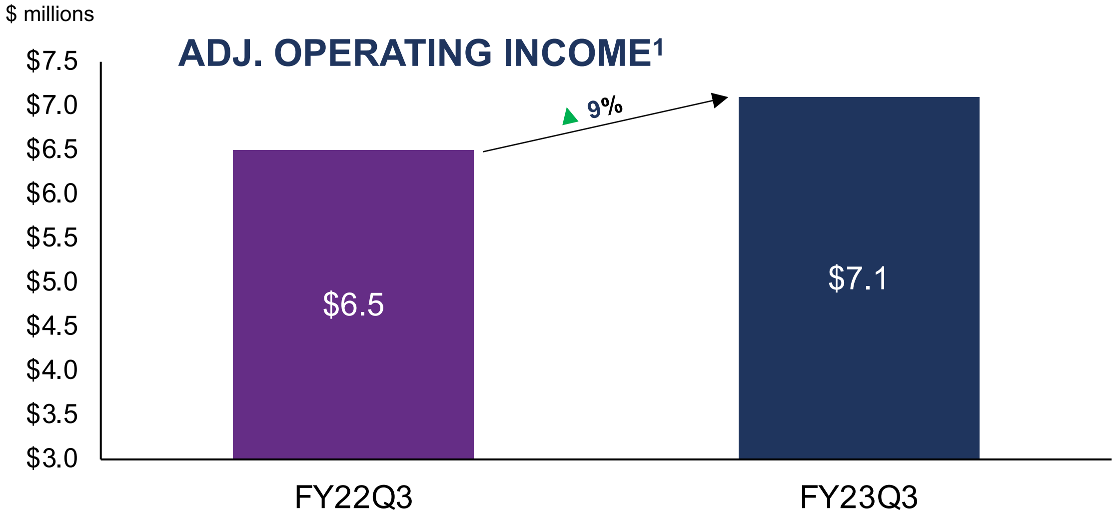
	FY23 YTD	FY22 YTD
Cash from Operations	$15.0 million	($4.8) million
Adjusted Cash from Operations[2]	$15.0 million	$8.3 million

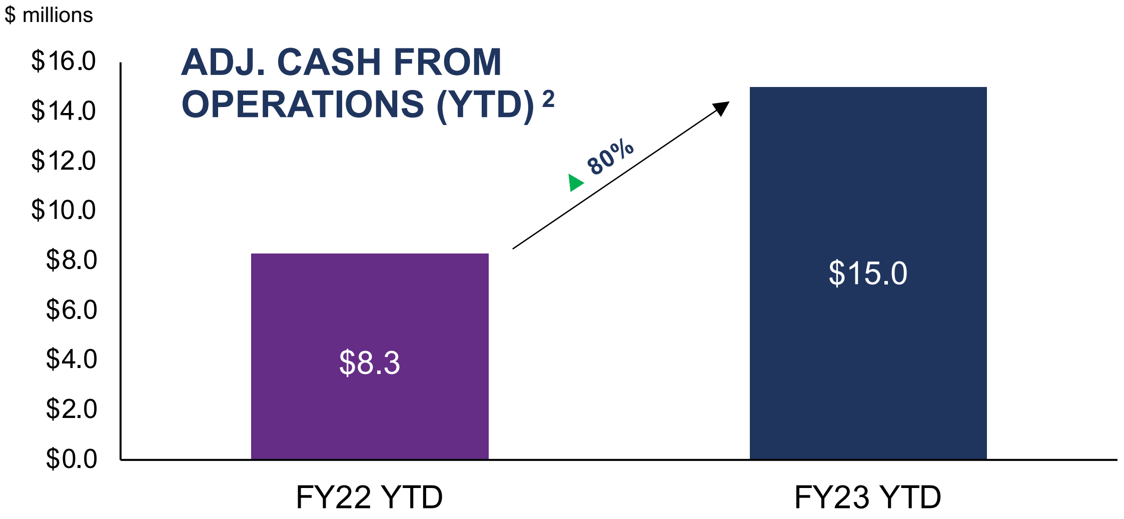
[1]A reconciliation of Adjusted Revenue, EBITDA, Adjusted EBITDA, and Adjusted Operating Income, to the most directly comparable financial measure calculated and presented in accordance with GAAP is available on slide 16.
[2] A reconciliation of Adjusted Cash from Operations is available on slide 17.

Key Adjusted Financial Metrics









[1]A reconciliation of Adjusted Revenue, EBITDA, Adjusted EBITDA, and Adjusted Operating Income, to the most directly comparable financial measure calculated and presented in accordance with GAAP is available on slide 16.

[2] A reconciliation of Adjusted Cash from Operations is available on slide 17.

Analysis of Year over Year Results

Strong EBITDA improvement of $3M offset by $2.4M incremental non-cash D&A related to GRSi acquisition; interest expense to be addressed via debt reduction and rate management

$ millions	Three Months Ended		YoY Change
	6/30/2023	6/30/2022	
Adjusted EBITDA[1]	11.4	8.4	3.0
Depreciation & Amortization	4.3	1.9	2.4
Adjusted Operating Income[1]	7.1	6.5	0.6
Interest Expense	4.9	0.5	4.4
Income tax expense	0.5	1.6	(0.8)
Adjusted Net Income[2]	1.7	4.4	(2.7)

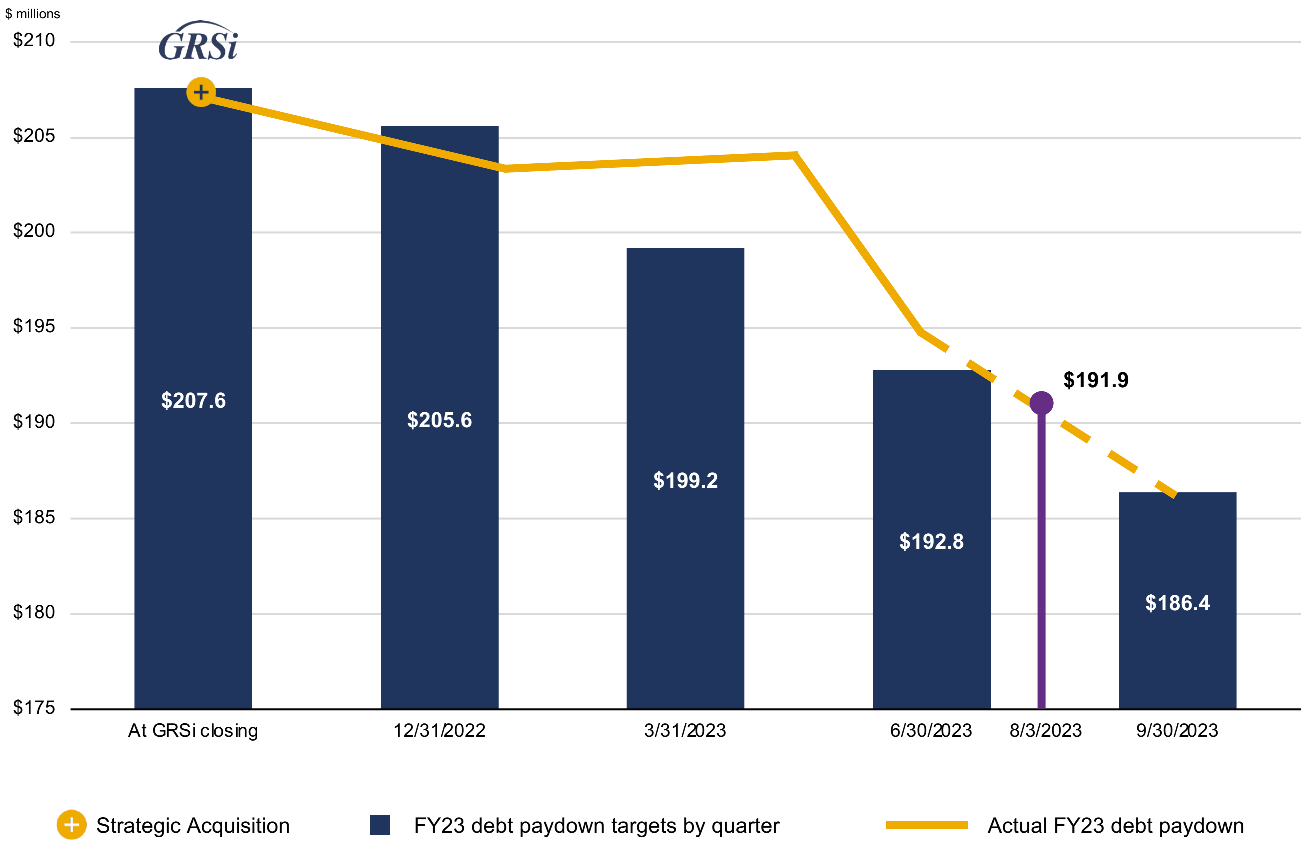
Drivers of interest expense:

- Mandatory and voluntary repayments
- Interest rate management with ~60% of debt fixed at 8% and near-term payments all applied to floating-rate debt
- $0.6 million of quarterly interest expense is non-cash amortization of financing arrangement fees

[1] A reconciliation of Adjusted EBITDA and Adjusted Operating Income, to the most directly comparable financial measure calculated and presented in accordance with GAAP is available on slide 16.
[2] See slide 13 for the definition and reconciliation of Adjusted Net Income.

FY23 quarterly debt paydown performance and targets

Management reaffirms year-end debt target



Q3 debt reduction of $8.5M; all applied to floating rate debt

Debt repayment plan remains unchanged:

- Maximize free cash flow through continued focus on producing cash from operations
- Effective management of invoicing and collection processes
- Utilize favorable tax attributes of our acquisitions and stock compensation plans to minimize income tax payments

APPENDIX

Non-GAAP Reconciliations

This document contains non-GAAP financial information including Adjusted Revenue, Adjusted Operating Income, EBITDA, Adjusted Net Income, Adjusted EBITDA, EBITDA Margin on Revenue, Adjusted EBITDA Margin on Adjusted Revenue, and Adjusted Cash from Operations 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:

“Adjusted Revenue” represents revenue less the contribution to revenue from the short-term FEMA task orders

“Adjusted Operating Income” represents operating income plus the corporate development costs associated with completing the GRSi acquisition incurred in fiscal 2023 less the contribution from the FEMA task orders, which occurred in fiscal 2022.

“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

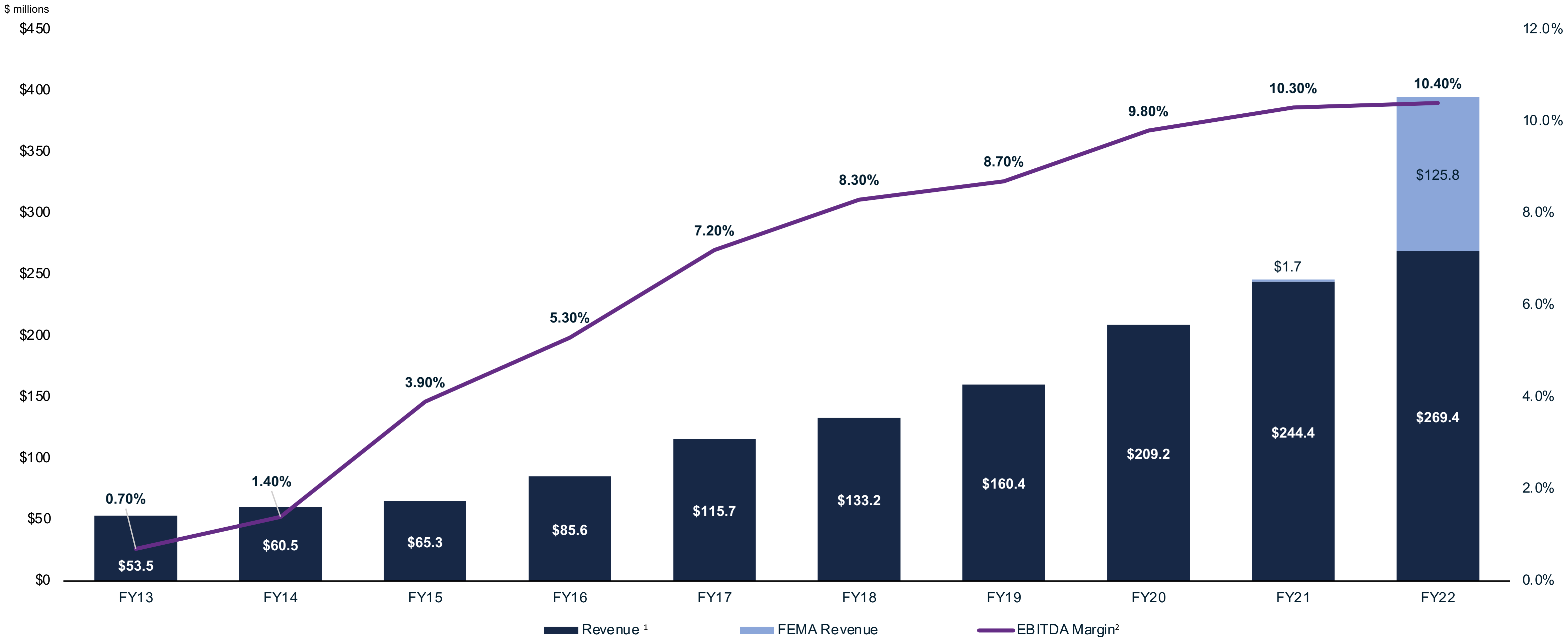
“Adjusted EBITDA” represents net income before income taxes, interest, depreciation and amortization and the corporate costs associated with completing the acquisition, less the contribution from FEMA task orders.

“Adjusted EBITDA Margin on Adjusted Revenue” is calculated as Adjusted EBITDA divided by Adjusted Revenue.

“Adjusted Cash from Operations” represents cash generated from operations less the impact from the FEMA task orders in fiscal 2022. This measure is being presented to provide insight about the period over period performance without the impact of the FEMA task orders that ended in March 2022.

“Adjusted Net Income” represents net income less the contribution from the short-term FEMA task orders. For the three months ended June 30, 2022, net income for the period was $4.9 million. Net income for the FEMA task orders is derived by subtracting the following amounts from the revenue attributable to such task orders during the three months ended June 30, 2022 of $(5.1) million: contract costs of $(5.7) million and income tax expense of $0.1 million.

Historical Revenue



[1] Revenue for FY21 and FY22 consists of total revenue as reported by the Company less the revenue attributable to the FEMA task orders.
[2] A reconciliation of EBITDA Margin to Net Income Margin is included on slide 16.

Reconciliation of Trending EBITDA

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

Reconciliation of Non-GAAP Financial Results

	Three Months Ended June 30,			Nine Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Adjusted Revenue						
Revenue	102,241	66,440	35,801	274,385	327,940	(53,555)
Less: FEMA task orders to support Alaska (a)	-	(5,116)	5,116	-	125,773	(125,773)
Adjusted Revenue	102,241	71,556	30,685	274,385	202,167	72,218
Adjusted Operating Income						
Operating Income	7,107	7,114	(7)	16,920	28,588	(11,668)
Corporate development costs (b)	-	-	-	1,735	-	1,735
Less: FEMA task orders to support Alaska (c)	-	608	(608)	-	12,479	(12,479)
Adjusted Operating Income	7,107	6,506	601	18,655	16,109	2,546
EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue & Adjusted EBITDA Margin on Adjusted Revenue						
Net income	1,738	4,864	(3,126)	4,090	19,846	(15,756)
Depreciation and amortization	4,280	1,873	2,407	11,281	5,740	5,541
Interest Expense	4,917	512	4,405	11,512	1,739	9,773
Income tax expense	452	1,738	(1,286)	1,319	7,003	(5,684)
EBITDA	11,387	8,987	2,400	28,202	34,328	(6,126)
Corporate development costs (b)	-	-	-	1,735	-	1,735
Less: FEMA task orders to support Alaska (c)	-	608	(608)	-	12,479	(12,479)
Adjusted EBITDA	11,387	8,379	3,008	29,937	21,849	8,088
Net income margin on Revenue	1.7%	7.3%		1.5%	6.1%	
EBITDA Margin on Revenue	11.1%	13.5%		10.3%	10.5%	
Adjusted EBITDA Margin on Adjusted Revenue	11.1%	11.7%		10.9%	10.8%	

(a): Represents revenue adjusted to exclude revenue from the short-term FEMA task orders during the three and nine months ended June 30, 2022.

(b): Represents corporate development costs we incurred to complete the GRSi transaction. These costs primarily include legal counsel, financial due diligence, customer market analysis and representation and warranty insurance premiums.

c): Adjusted operating income represents the Company's consolidated operating income, determined in accordance with GAAP, adjusted to add the corporate development costs associated with the GRSi acquisition for fiscal year 2023 and adjusted to exclude the operating income derived from the FEMA task orders. Operating income for the FEMA task orders is derived by subtracting from the revenue attributable to such task orders during the three months ended June 30, 2022 of ($5.1) million contract costs of ($5.7) million . Similarly, for the nine months ended June 30, 2022 operating income for the FEMA task orders is derived by subtracting from the revenue attributable to the tasks orders of $125.8 million the following amounts associated with such task orders: contract costs $112.1 million and general & administrative costs of $1.2 million.

Reconciliation of Adjusted Cash from Operations

(amount in thousands)	Nine Months Ended June 30, 2023	2022
Operating activities		
Net income	$4,088	$19,846
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,281	5,740
Amortization of deferred financing costs charged to interest expense	1,540	497
Stock-based compensation expense	2,020	1,952
Changes in operating assets and liabilities	(3,932)	(32,793)
Cash from Operations	14,997	(4,758)
Less: Adjustment related to FEMA Task Order[1]	--	(13,092)
Adjusted Cash flow from Operations	$14,997	$8,334

[1] Adjustment related to FEMA Task Order consists of $9.2 million of net income attributable to the FEMA task orders and $22.3 million reduction of deferred revenue related to the prepayment received at the end of fiscal 2021.

About DLH

DLH enhances public health and national security readiness missions through science, technology, cyber, and engineering solutions and services. The Company's experts solve some of most complex and critical missions faced by the federal government, 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 public health to improve the lives of millions.