FY2018 Fourth Quarter and Year-End Earnings Presentation
Three Months Ended September 30, 2018

Zach Parker, President and Chief Executive Officer
Kathryn JohnBull, Chief Financial Officer
December 13, 2018
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Fourth Quarter (Q4) Highlights and Summary

- Q4 revenue $32.5 million, up 6.9 percent year-over-year
- Gross margin of 24.3 percent
- Operating cash flow $6.1 million for quarter; $14.1 million for fiscal year
- Senior debt reduced to $7.7 million; cash balance of $6.4 million
Current Outlook

Selected Targeted Expansion Agencies

Budget Characteristics and Stability
- Budget Control Act currently still in play
- Continuing resolution expected for near-term
- Departments of Defense, Health and Human Services (HHS), and Veterans Affairs FY2019 budgets appropriated
- HHS FY2019 budget including $15.5B addressable by DLH

New Business Pipeline Overview
- More than $900M in pursuit phase with nearly $500M\(^1\) qualified to date
- Nearly all are “Best Value” awards
- Most are recurring work with an existing incumbent workforce

Aerospace/Defense Gov’t Contracting Profile
- Portfolio shaping through mergers and acquisitions (M&A) continues
- Competitive landscape for mid-tiers evolving
- Government restricting lowest price technically acceptable contracting use
- Cloud and Agile development gaining steam

\(^1\) Excludes small, pop-up, and quick-turnaround IDIQ bid opportunities
Another Year of Achievement

Historical Revenue ($ in millions)

FY13: $53.5
FY14: $60.5
FY15: $65.3
FY16: $85.6
FY17: $115.7
FY18: $133.2

Historical EBITDA* ($ in millions)

FY13: $0.4
FY14: $0.9
FY15: $2.6
FY16: $4.5
FY17: $8.4
FY18: $11.0

* A reconciliation of Net Income to EBITDA is provided at the back of this presentation.
FY2018 Q4 Results: Revenue

- 6.9-percent growth year-over-year
- Reflects strong demand and general business expansion across core agencies
FY2018 Q4 Results: Gross Margin

- Third quarter gross margin of 24.3 percent
- Increase of 8.7 percent in gross margin driven by higher revenue and margins
FY2018 Q4 Results: Operating Income

- 31.2-percent growth year-over-year
- Reflects impact of higher gross margin
FY2018 Q4 Results: EBITDA

- EBITDA up 29.2 percent year-over-year
- EBITDA as a percent of revenue was 10.5 percent in FY2018 Q4 versus 8.7 percent in FY2017 Q4

A reconciliation of net income to EBITDA is provided in the back of this presentation.
## Balance Sheet: $15.7M Debt Reduction in 2 Years

<table>
<thead>
<tr>
<th></th>
<th>9/30/2016</th>
<th>9/30/2017</th>
<th>9/30/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Term loan balance</strong>*</td>
<td>$23.4 M</td>
<td>$19.7 M</td>
<td>$7.7 M</td>
</tr>
<tr>
<td><strong>Revolver balance</strong></td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Less cash on hand</strong></td>
<td>3.4</td>
<td>4.9</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td>$20.0</td>
<td>$14.8</td>
<td>$1.3</td>
</tr>
<tr>
<td><strong>LTM EBITDA</strong></td>
<td>$4.5</td>
<td>$8.4</td>
<td>$11.0</td>
</tr>
<tr>
<td><strong>Net Debt/LTM EBITDA</strong></td>
<td>4.44</td>
<td>1.76</td>
<td>&lt;1</td>
</tr>
</tbody>
</table>

*$25M originally  
**$10M ceiling; no borrowing as of 9/30/18

A reconciliation of LTM EBITDA is provided in the back of this presentation.
Forward Indicators

**Strengths**
- Positioned well against possible Government shutdown
- Key customers maintain mission-critical status
- Well postured for M&A success (debt reduced)
- Strong new business pipeline
- Enhanced credentials and workforce strength
- Bolstered technology-based solutions focus

**Challenges**
- A portion of VA Consolidated Mail Outpatient Pharmacy (CMOP) re-compete year
- Continuing resolution expected for near-term

**Learning Management System and Applicant Tracking System Upgrades and Implementation**

**Performance and Competitive Enhancements**

**Business Intelligence and Analytics Tools**
Question and Answer Session
Appendix: Non-GAAP Reconciliations

This document contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results, and providing meaningful period-to-period comparisons. These measures should be used in conjunction with, rather than instead of, their comparable GAAP measures. A reconciliation of non-GAAP measures to the comparable GAAP measures presented in this document also is contained in the company’s most recent earnings press release.
### FY2018 Q4 EBITDA Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30,</td>
<td>September 30,</td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Net income</td>
<td>$ 1,757</td>
<td>$ 1,040</td>
</tr>
<tr>
<td>(i) Interest expense</td>
<td>315</td>
<td>340</td>
</tr>
<tr>
<td>(ii) Provision for taxes</td>
<td>747</td>
<td>769</td>
</tr>
<tr>
<td>(iii) Depreciation and amortization</td>
<td>588</td>
<td>489</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>$ 3,407</strong></td>
<td><strong>$ 2,638</strong></td>
</tr>
</tbody>
</table>
## Trending EBITDA Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (loss)/income</td>
<td>$ (159)</td>
<td>$ 5,357</td>
<td>$ 8,728</td>
<td>$ 3,384</td>
<td>$ 3,288</td>
<td>$ 1,836</td>
</tr>
<tr>
<td>(i) Interest expense/other (income)</td>
<td>407</td>
<td>4</td>
<td>(744)</td>
<td>823</td>
<td>1,228</td>
<td>1,116</td>
</tr>
<tr>
<td>(ii) (Benefit)/provision for taxes</td>
<td>—</td>
<td>(4,597)</td>
<td>(5,488)</td>
<td>(938)</td>
<td>2,114</td>
<td>5,830</td>
</tr>
<tr>
<td>(iii) Depreciation and amortization</td>
<td>121</td>
<td>106</td>
<td>55</td>
<td>1,244</td>
<td>1,754</td>
<td>2,242</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>$ 369</strong></td>
<td><strong>$ 870</strong></td>
<td><strong>$ 2,551</strong></td>
<td><strong>$ 4,513</strong></td>
<td><strong>$ 8,384</strong></td>
<td><strong>$ 11,024</strong></td>
</tr>
</tbody>
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