Annual Shareholders Meeting

MARCH 12, 2020
Forward-looking Statements

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

This presentation 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 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. Those risks and uncertainties include, but are not limited to, the following: failure to achieve contract awards in connection with re-competes for present business and/or competition for new business; the risks and uncertainties associated with client interest in and purchases of new services; changes in client budgetary priorities; government contract procurement (such as bid protest, 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 our recent and 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, 2019, as well as interim quarterly filings thereafter. The forward-looking statements contained herein are made as of the date hereof and may become outdated over time.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.
Call to Order

Introduction of Directors, Management and Accountants

Rick Wasserman | Chairman
Zach Parker | President and CEO
Proposal I - Election of Directors

Proposal II - Advisory Vote to Approve the Compensation of the Company’s Named Executive Officers

Proposal III - Proposal to ratify the appointment of the Company’s independent registered public accounting firm for the fiscal year ending September 30, 2020

Zach Parker | President and CEO
Management’s Presentation

Zach Parker | President and CEO
Agenda

OVERVIEW

FINANCIAL HIGHLIGHTS

QUESTIONS AND ANSWERS
DLH’s Transformation Journey

- **Became Pure-Play Government Services Company**
- **Made key acquisition**
- **Made key acquisition**

**2010**
- Became Pure-Play Government Services Company
- Changed out Leadership Team

**2010-2012**
- LRSP Developed

**2013-2015**
- Lean Sigma

**2016**
- ISO 9001

**2017**
- CMMI DEV/3

**2018**
- FedRAMP

**2019**
- Social & Scientific Systems, Inc.

**2020**
- Eight consecutive J.D. Power and Associates Overall Customer Satisfaction Recognition Awards for the VA CMOP program (supported by DLH)

**Roots date back to 1969**
**Publicly traded Since 1986**

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Business Overview

Overview

Founded 1969

Headquarters: Atlanta, GA
Complementary Offices:
Silver Spring, MD
Durham, NC

Nasdaq DLHC Public Since 1986

• > 1,900 Skilled employees
• Located in > 50 Locations in the US and overseas

Technology Enabled Services and Solutions

Healthcare Research
Disease Prevention
Program Monitoring & Evaluation
Patient Care Services

3 Market Focus Areas

Defense and Veterans Solutions
Human Services & Solutions
Public Health & Life Sciences

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Strong Portfolio of Services

- **DOD & Veteran Health Services Market**
  - Pro Forma Annual Revenue: ~$90M
  - 45%

- **Public Health & Life Sciences Market**
  - Pro Forma Annual Revenue: ~$70M
  - 35%

- **Human Services & Solutions Market**
  - Pro Forma Annual Revenue: ~$40M
  - 20%

- **Total Revenue**: ~$200M

**Key Customers**

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Organic Growth Drivers

- Secure Data Analytics
- Clinical Trials & Laboratory Services
- Case Management
- Performance Evaluation
- System Modernization
- Operational Logistics & Readiness
- Strategic Digital Communications
Unique Value Proposition

Defense and Veterans Solutions
Human Services & Solutions
Public Health & Life Sciences

Secure Data Analytics
Evidence-based Decision-making
Cloud Migration and Computing

Business and Health Systems Cybersecurity

Database Technologies
Visualization Tools
Analytic Tools

Secure Data Analytics

DLH Infinibyte Cloud

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This achievement – approved by the General Services Administration – indicates to federal customers that DLH has undergone a security capabilities assessment and has a high likelihood of achieving FedRAMP Authorization.

DLH’s Infinibyte® Cloud solution is now available on the FedRAMP Marketplace, the central portal for cloud offerings for federal agencies.

The designation significantly expands opportunities for the Company, enabling it to meet the security requirements of civilian agencies as well as the U.S. Department of Defense.

Provisional status enables DLH to pursue a FedRAMP Authorization to Operate.
As of January 31, 2020, the DLH pipeline of qualified new business opportunities was just under $900 million.

Approximately $600 million of those opportunities is expected to be decided in late FY20 or throughout FY21.

New opportunities are well distributed across DLH end markets, targeting existing and adjacent agencies.
Coronavirus – Business Continuity Planning

Communication
1. Established planning committee
2. Informed employees of corporate actions to maintain health and safety
3. Coordinated with customers to maintain operational continuity

Business Impact
1. Identified, quantified, and qualified the impact of a loss, interruption, or disruption of contract services
2. At present, there are no major programs that we operate where our customers anticipate major disruptions

Risk Mitigation
1. Communicated to employees to instill calm and positive direction
2. Implemented special leave policies for sick employees and restricted travel to mission critical events
3. Continuous monitoring, evaluation and review of practices to ensure that we mitigate the adverse impacts of coronavirus on our company and on wider society

Action Planning
Financial Highlights

Kathryn JohnBull | CFO
Track Record of Improving Performance

**Historical Revenue ($ in millions)**

- FY13: $53.5
- FY14: $60.5
- FY15: $65.3
- FY16: $65.6
- FY17: $115.7
- FY18: $133.2
- FY19: $160.4

**Historical EBITDA* ($ in millions)**

- FY13: $0.4
- FY14: $0.9
- FY15: $2.6
- FY16: $4.5
- FY17: $8.4
- FY18: $11.0
- FY19: $13.9

A reconciliation of Net Income to EBITDA is provided at the back of this presentation.
## Debt Paydown Continues

<table>
<thead>
<tr>
<th></th>
<th>6/7/2019</th>
<th>9/30/2019</th>
<th>12/31/2019</th>
<th>1/31/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt balance*</td>
<td>$70.0 M</td>
<td>$56.0 M</td>
<td>$57.8 M</td>
<td>$53.0 M</td>
</tr>
<tr>
<td>Less cash on hand</td>
<td>$1.9</td>
<td>$1.8</td>
<td>$0.4</td>
<td>$0.3</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td><strong>$68.1 M</strong></td>
<td><strong>$54.2 M</strong></td>
<td><strong>$57.4 M</strong></td>
<td><strong>$52.7 M</strong></td>
</tr>
</tbody>
</table>

*Outstanding principal of term loan and revolving credit facility

Net Debt is a non-GAAP metric used by investors and lenders and management believes it provides relevant and useful information to investors and other users of our financial data. Net Debt is calculated by subtracting cash and cash equivalents from the sum of current and long-term debt.
Hypothetical P&L Scenarios

**Downside**
- Revenue: $115M
- EBITDA: $12M
- Net Income: $1M

**Baseline**
- Revenue: $215M
- EBITDA: $20M
- Net Income: $6M

**Upside**
- Revenue: $315M
- EBITDA: $31M
- Net Income: $10M

1. Assumes reduction of $100M of lower-margin business, corresponding scale of corporate infrastructure, with no change in interest and amortization expense from acquisitions.
2. Assumes organic growth of $30M and acquisition growth of $70M, at normal margins and leveraged growth in corporate infrastructure, plus growth in interest and acquisition expense from acquisitions.

*Scenarios do not represent forecasts and are not related to a defined time or specific acquisitions; demonstrates potential margin improvement and operating leverage. No current acquisitions have been identified.*
Our Four Levers of Value Creation

Revenue Stream Growth
- Focus on Federal agencies with sustained bipartisan support
- Optimize workforce and service delivery

Long-Term Cash Flow Growth
- Expand EBITDA and balance sheet optimization
- Drive working capital efficiency and free cash flow
- Utilize long-term tax shield

Sustainable Margin Expansion
- Concentrate capture effort on projects that align with core competencies and expand operating income margins
- Pursue excellence across key dimensions of agility and cost efficiency

Balanced Capital Deployment
- Push growth – organically and through M&A
- Appropriate allocation of debt and equity financing
Q&A Session

Zach Parker | President and CEO
Kathryn JohnBull | CFO
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 follows.
## Trending EBITDA Reconciliation

<table>
<thead>
<tr>
<th>Amounts in $000s</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (loss)/income</td>
<td>$(159)</td>
<td>$5,357</td>
<td>$8,728</td>
<td>$3,384</td>
<td>$3,288</td>
<td>$1,836</td>
<td>$5,324</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>
<td>2,473</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>
<td>2,171</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>
<td>3,956</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$369</td>
<td>$870</td>
<td>$2,551</td>
<td>$4,513</td>
<td>$8,384</td>
<td>$11,024</td>
<td>$13,924</td>
</tr>
</tbody>
</table>

Twelve Months Ended September 30,