Canaccord 40th Annual Growth Conference Presentation

AUGUST 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 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, earnings per share, backlog, and cash flows. 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 an acquisition; the challenges of managing larger and more widespread operations resulting from the 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 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 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 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.
Agenda

OVERVIEW

FINANCIAL HIGHLIGHTS

QUESTIONS AND ANSWERS
Competitive Contract Awards and Key Milestones

2010: Restructured as a GovCon Company

2011: Installed New Leadership

2012: Branded as DLH

2013: Initial LRSP Developed

2014: VHA > $100M

2015: NIH > $100M

2016: VHA > $25M

2017: NIH > $100M

2018: NIH > $100M

2019: MRDC > $25M

2020: NIH > $100M

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Business Overview

Overview

Founded 1969

Headquarters:
Atlanta, GA

Complementary Offices:
Silver Spring, MD
Durham, NC
Kampala, UG

Nasdaq
DLHC Public Since 1986

• ~2,000 employees
• Located in > 30 Locations in the US and overseas

Technology Enabled Services and Solutions

Clinical and Medical Healthcare Research
Disease Prevention & Health Promotion
Program Monitoring & Evaluation
Patient Care / Telehealth 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

Human Services & Solutions Market
Pro Forma Annual Revenue: ~$40M

Public Health & Life Sciences Market
Pro Forma Annual Revenue: ~$70M

~$200M Pro Forma Annual Revenue

Key Federal Customers

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Unique Value Proposition

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

Secure Data Analytics
Visualization Tools
Analytic Tools
Database Technologies

Services
- Evidence-based Decision-making
- Cloud Migration and Computing

Infrastructure
- FedRAMP
- Business and Health Systems Cybersecurity
- DLH InfiniByte Cloud

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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
Healthy Growth Profile

As of June 30, 2020, the DLH pipeline of qualified new business opportunities was over $1 billion.

An estimated $600-$700 million of those opportunities are expected to be decided in late FY20 or throughout FY21.

New opportunities are well distributed across DLH end markets, targeting existing and adjacent agencies.

**Key Targeted Agencies**

- Strategically-focused
  - Competency-aligned
  - Adjacent markets
COVID-19 Impact / Opportunities

Defense & Veterans Health Solutions

Human Services and Solutions

Public Health and Life Sciences

DLH TACKLING COVID-19 FOR THE VA, DOD, CDC, NIH, AND OTHERS

- Care and treatment of military
- Rx expansion for veterans
- Prospects for behavioral health

- Specialized communications
- Pandemic-related websites
- Social media outreach / metrics

- Clinical trials for therapeutics and vaccine development
- Preparedness & Response
- Environmental Implications

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New COVID-19 Public Health & Life Sciences Work

CLINICAL RESEARCH TRIALS & LABORATORY SERVICES

• Over $15 million of new awards thus far in calendar 2020

• Conducting trials of the safety and efficacy of investigational therapeutics for the treatment of COVID-19

• Observational studies of outpatients with COVID-19

• Clinical Research Organization support services to provide infrastructure to exchange data among scientific stakeholders

• Large network consortium of partner medical centers, clinics, academic institutions

• Study of immune aging in smokers in relation to COVID susceptibility

• Investigating interactions of COVID-19 with chronic diseases including types of cancer, heart disease, lung disease, and more
DLH Achieves FedRAMP Ready Status

Opens Door to Federal Business Opportunities for Cloud-Based Platform-As-A-Service (PaaS)

- 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 cyber 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.
Financial Highlights

Kathryn JohnBull | CFO
A History of Growth…

Historical Revenue

<table>
<thead>
<tr>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>TTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>$53.5</td>
<td>$60.5</td>
<td>$65.3</td>
<td>$85.6</td>
<td>$115.7</td>
<td>$133.2</td>
<td>$160.4</td>
<td>$212.7</td>
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</table>

TTM is the trailing twelve months ending June 30, 2020

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And Expanding Value

**Historical EBITDA**

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>TTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$0.4</td>
<td>$0.9</td>
<td>$2.6</td>
<td>$4.5</td>
<td>$8.4</td>
<td>$11.0</td>
<td>$13.9</td>
<td>$21.4</td>
</tr>
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</table>

**May 2016 acquired Danya International**

**June 2019 acquired Social & Scientific Systems**

64% CAGR

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Fiscal Q3 Results (Three Months Ended 6/30/2020)
Debt Paydown Strategy in Place

<table>
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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Balance*</td>
<td>$70 M</td>
<td>$56 M</td>
<td>$55 M</td>
<td>$44.5 M</td>
</tr>
<tr>
<td>Less cash on hand</td>
<td>$1.9</td>
<td>$1.8</td>
<td>$1.1</td>
<td>$0.7</td>
</tr>
<tr>
<td>Net Debt</td>
<td>$68.1 M</td>
<td>$54.2 M</td>
<td>$53.9 M</td>
<td>$43.8 M</td>
</tr>
</tbody>
</table>

*$70M originally

Continued strong operating cash flow anticipated in fourth quarter leading to a projected year-end debt balance of $40 to $42 million.
Our Four Levers of Value Creation

Revenue Stream Stability
- Focus on Federal agencies with critical missions and 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
- Drive growth – organic 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 $000s</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>TTM*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (loss)/income</td>
<td>$ (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>
<td>$ 7,316</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>
<td>3,850</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>
<td>2,991</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>
<td>7,259</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>
<td>$ 21,416</td>
</tr>
</tbody>
</table>

*TTM is the trailing twelve months ending June 30, 2020
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