FY2021 First Quarter Earnings Presentation: Three Months Ended 12.31.2020

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Your Mission Is Our Passion

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FEBRUARY 3, 2021

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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 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 presentation 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, which are uncertain, cannot be predicted, and may precipitate or exacerbate other risks and uncertainties; the failure to achieve the anticipated benefits of the IBA acquisition (including anticipated future financial operating performance and results); diversion of management’s attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from the acquisition; the inability to retain IBA employees and customers; contract awards in connection with re-competes for present business and/or competition for new business; compliance with 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 IBA 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, 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.

Fiscal 2021 First Quarter Highlights

Annual revenue rose 11% to $57.9 million

Operating margin of 6.3%

Earnings of $1.8 million, or $0.13 per share

Active RFP Pipeline

Backlog of $665.2 million

"We began the fiscal year with solid revenue, strong bottom line results, and an active RFP environment, indicative of the outlook for fiscal 2021."

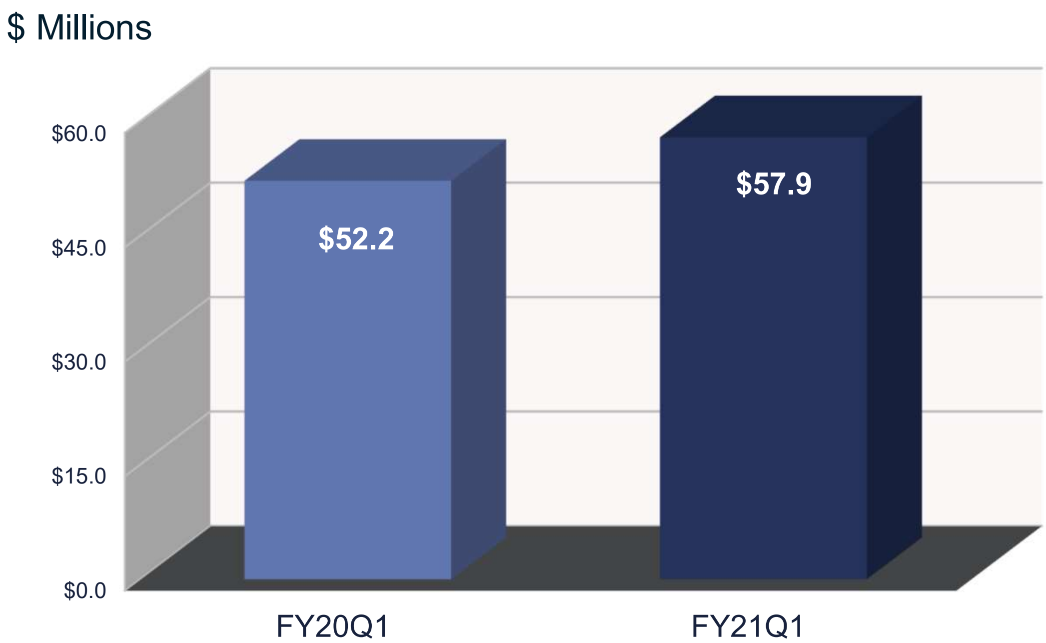
- Zach Parker, CEO

Market & Budget Characteristics

- FY21 federal budget fully funded (stabilizes DLH customer forecast)
- Strong healthcare addressable market under new administration (particularly HHS, DoD, & VA)
- Key funding categories include Professional Services, Research & Development, and Technology Solutions
- Technology focus areas abound
  - AI for monitoring/evaluation/fraud, predictive analytics, quality improvement
  - Telemedicine to increase force readiness (“in theater”) including communications, robotics and autonomous systems
  - Secure data analytics (PAAS) and cybersecurity
- Near- and long-term COVID-19 related funding (particularly HHS’ NIH, CDC, & FDA)

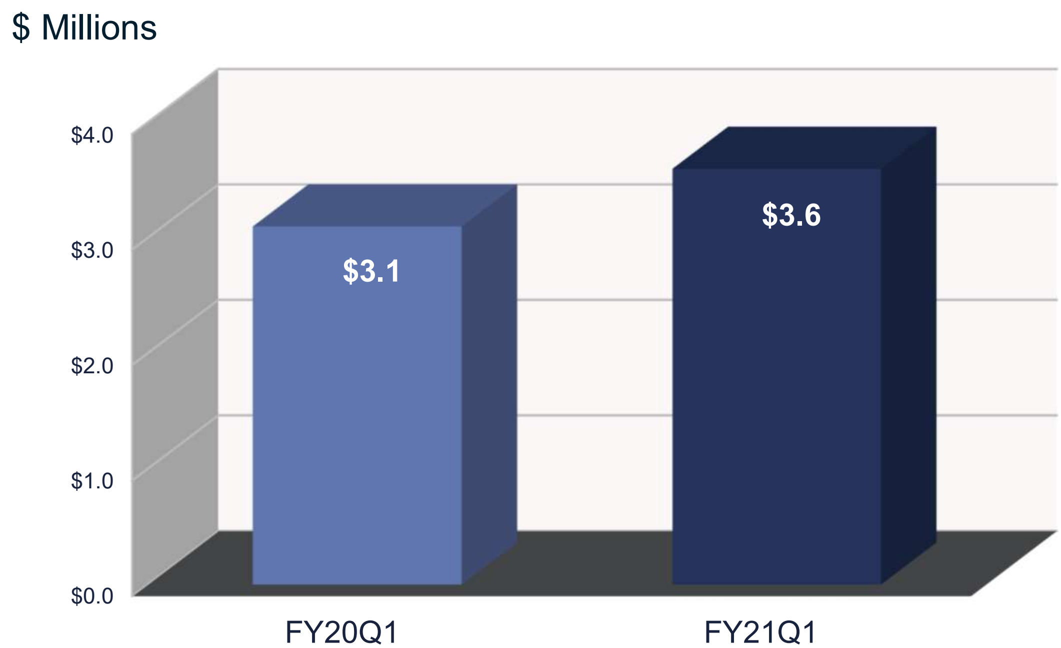
Q1 Financials

FY2021 Q1 Results: **Revenue**



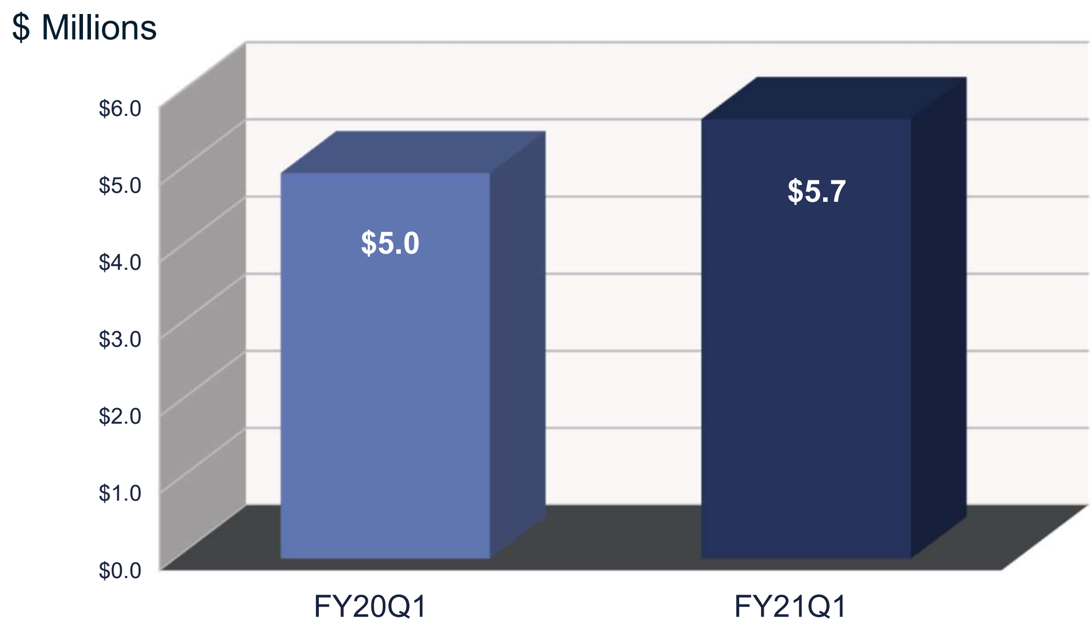
FY21 Q1 reflects the impact from the acquisition of IBA ($7.0 million), partially offset by reduced travel on monitoring and compliance programs due to COVID-19

FY2021 Q1 Results: **Operating Income**



Operating income for FY21 Q1 reflects improved leverage of G&A expenses on increased sales

FY2021 Q1 Results: **EBITDA**



EBITDA for FY21 Q1 reflects higher revenue and improved operating leverage

A reconciliation of net income to EBITDA and EBITDA as a percentage of revenue is provided in the back of this presentation.

Debt Position and Outlook

(amount in thousands)	S3 Acquisition 06/07/19	09/30/19	IBA Acquisition 9/30/20	12/31/20
Debt				
Term debt (legacy)	$ 70,000	$ 56,000	$ 37,000	$ 68,250
Term debt (IBA)	-	-	33,000	-
Revolving debt	-	-	-	9,150
Total debt	**70,000**	**56,000**	**70,000**	**77,400**
Cash on hand	**(1,900)**	**(1,790)**	**(1,357)**	**(370)**
Net debt	**$ 68,100**	**$ 54,210**	**$ 68,643**	**$ 77,030**
Total Leverage Ratio	**3.47**	**2.67**	**2.80**	**3.04**

Strong operating cash flow anticipated for remainder of fiscal 2021, leading to a projected year-end debt balance of $50 to $52 million.

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. A reconciliation of the Total Leverage Ratio is included in the back of this presentation.

Q&A

Appendix

Non-GAAP Reconciliations

This document contains non-GAAP financial information including EBITDA and EBITDA as a percentage of revenue. 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 is presented in this document. The Company defines EBITDA as net income excluding interest expense, provision for or benefit from income taxes, and depreciation and amortization; EBITDA as a percent of revenue is EBITDA divided by revenue. Definitions of the other non-GAAP measures we use in the presentation are contained in the Company's most recent earnings press release, which is available on the investor relations section of our web site at www.dlhcorp.com.

Debt Covenant

We are also including Total Leverage Ratio in this presentation. Total Leverage Ratio is used for the purpose of testing the Maximum Total Leverage Ratio covenant in our Amended and Restated Credit Agreement dated September 30, 2020 (the "Credit Agreement"), which provides for a maximum total leverage ratio of 3.75 to 1.00 for all periods from closing date to September 30, 2021. Management considers the Total Leverage Ratio to be an important indicator of the Company's ability to incur additional debt, its ability to service existing debt and the extent of our compliance with the leverage covenant in the Credit Agreement. We believe that analysts and investors use this metric to assess the Company's ability to service existing debt and our liquidity, generally. The reconciliation of the Total Leverage Ratio is presented in the appendix to this presentation. As used in this presentation, Total Leverage Ratio, which is not calculated in accordance with GAAP, is defined as total debt as of the respective date(s) presented herein, divided by Consolidated EBITDA for the period(s) then ended. Total Leverage Ratio and Consolidated EBITDA are calculated in accordance with the Credit Agreement.

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FY2021 Q1 EBITDA Reconciliation

(amounts in thousands)	Three Months Ended December 31,		
	2020	**2019**	**Change**
Net income	$ 1,814	$ 1,551	$ 263
(i) Interest expense, net	1,080	941	139
(ii) Provision for taxes	741	634	107
(iii) Depreciation and amortization	2,062	1,859	203
EBITDA	**$ 5,697**	**$ 4,985**	**$ 712**
Net income as a % of revenue	3.1 %	3.0 %	0.1 %
EBITDA as a % of revenue	9.8 %	9.5 %	0.3 %
Revenue	$ 57,852	$ 52,238	$ 5,614

Reconciliation of Leverage Ratio

(amount in thousands)	S3 Acquisition 06/07/19	09/30/19	IBA Acquisition 9/30/20	12/31/20
Term Loan	$ 70,000	$ 56,000	$ 70,000	$ 68,250
Revolving Credit Loan	-	-	-	9,150
Letters of Credit	-	1,745	1,990	1,990
Total Funded Debt	$ 70,000	$ 57,745	$ 71,990	$ 79,390
Consolidated EBITDA	$ 20,162	$ 21,664	$ 25,678	$ 26,082
Total Leverage Ratio	**3.47**	**2.67**	**2.80**	**3.04**

Consolidated EBITDA and Total Funded Debt are calculated as per the Company's Credit Agreement.


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