

DLH HOLDINGS CORP.

FORM 10-Q (Quarterly Report)

Filed 05/09/25 for the Period Ending 03/31/25

| | |
|-------------|---|
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| Telephone | 8669521647 |
| CIK | 0000785557 |
| Symbol | DLHC |
| SIC Code | 7363 - Services-Help Supply Services |
| Industry | IT Services & Consulting |
| Sector | Technology |
| Fiscal Year | 09/30 |

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2025

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File No. 0-18492

DLH HOLDINGS CORP.
(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)
3565 Piedmont Road, Building 3, Suite 700
Atlanta, Georgia
(Address of principal executive offices)

22-1899798
(I.R.S. Employer
Identification No.)
30305
(Zip code)

(770) 554-3545
(Registrant’s telephone number, including area code)

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report
Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| Common Stock | DLHC | Nasdaq Capital Market |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input checked="" type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller Reporting Company | <input checked="" type="checkbox"/> |
| | | Emerging Growth Company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: 14,386,468 shares of Common Stock, par value \$0.001 per share, were outstanding as of May 5, 2025.

**DLH HOLDINGS CORP.
FORM 10-Q**

TABLE OF CONTENTS

| | <u>Page No.</u> |
|---|------------------------|
| PART I FINANCIAL INFORMATION | 3 |
| ITEM 1: FINANCIAL STATEMENTS (UNAUDITED) | 3 |
| CONSOLIDATED STATEMENTS OF OPERATIONS | 3 |
| CONSOLIDATED BALANCE SHEETS | 4 |
| CONSOLIDATED STATEMENTS OF CASH FLOWS | 5 |
| CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY | 6 |
| NOTES TO CONSOLIDATED FINANCIAL STATEMENTS | 7 |
| ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS | 22 |
| ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK | 31 |
| ITEM 4: CONTROLS AND PROCEDURES | 31 |
| PART II OTHER INFORMATION | 32 |
| ITEM 1: LEGAL PROCEEDINGS | 32 |
| ITEM 1A: RISK FACTORS | 32 |
| ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS | 32 |
| ITEM 3: DEFAULTS UPON SENIOR SECURITIES | 32 |
| ITEM 4: MINE SAFETY DISCLOSURES | 32 |
| ITEM 5: OTHER INFORMATION | 32 |
| ITEM 6: EXHIBITS | 33 |
| SIGNATURE | 34 |

PART I FINANCIAL INFORMATION

ITEM I: FINANCIAL STATEMENTS (UNAUDITED)

DLH HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except per share amounts)

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|---------------------------------|-----------------|-------------------------------|-----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Revenue | \$ 89,212 | \$ 101,007 | \$ 179,994 | \$ 198,857 |
| Cost of operations: | | | | |
| Contract costs | 71,209 | 79,112 | 143,591 | 158,193 |
| General and administrative costs | 8,623 | 11,710 | 17,079 | 19,407 |
| Depreciation and amortization | 4,265 | 4,243 | 8,572 | 8,496 |
| Total operating costs | 84,097 | 95,065 | 169,242 | 186,096 |
| Income from operations | 5,115 | 5,942 | 10,752 | 12,761 |
| Interest expense | 3,877 | 4,190 | 8,010 | 8,848 |
| Income before provision for income tax | 1,238 | 1,752 | 2,742 | 3,913 |
| Provision for income tax expense (benefit) | 360 | (60) | 750 | (50) |
| Net income | \$ 878 | \$ 1,812 | \$ 1,992 | \$ 3,963 |
| Net income per share - basic | \$ 0.06 | \$ 0.13 | \$ 0.14 | \$ 0.28 |
| Net income per share - diluted | \$ 0.06 | \$ 0.12 | \$ 0.14 | \$ 0.27 |
| Weighted average common stock outstanding | | | | |
| Basic | 14,386 | 14,205 | 14,386 | 14,118 |
| Diluted | 14,454 | 14,946 | 14,454 | 14,823 |

The accompanying notes are an integral part of these consolidated financial statements.

DLH HOLDINGS CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value of shares)

| | March 31, 2025 | September 30, 2024 |
|---|-------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 196 | \$ 342 |
| Accounts receivable | 51,713 | 49,849 |
| Other current assets | 3,129 | 2,766 |
| Total current assets | 55,038 | 52,957 |
| Goodwill | 138,161 | 138,161 |
| Intangible assets, net | 100,093 | 108,321 |
| Operating lease right-of-use assets | 6,956 | 6,681 |
| Deferred taxes, net | 4,715 | 6,245 |
| Equipment and improvements, net | 1,487 | 1,830 |
| Other long-term assets | 157 | 186 |
| Total assets | \$ 306,607 | \$ 314,381 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 17,362 | \$ 25,290 |
| Debt obligations - current, net of deferred financing costs | 17,036 | 12,058 |
| Accrued payroll | 12,446 | 12,848 |
| Operating lease liabilities - current | 2,716 | 2,652 |
| Other current liabilities | 357 | 394 |
| Total current liabilities | 49,917 | 53,242 |
| Long-term liabilities: | | |
| Debt obligations - long-term, net of deferred financing costs | 130,271 | 137,316 |
| Operating lease liabilities - long-term | 12,666 | 12,789 |
| Other long-term liabilities | 904 | 902 |
| Total long-term liabilities | 143,841 | 151,007 |
| Total liabilities | 193,758 | 204,249 |
| Shareholders' equity: | | |
| Common stock, \$0.001 par value; 40,000 shares authorized; 14,386 and 14,386 shares issued and outstanding at March 31, 2025 and September 30, 2024, respectively | 14 | 14 |
| Additional paid-in capital | 100,995 | 100,270 |
| Retained earnings | 11,840 | 9,848 |
| Total shareholders' equity | 112,849 | 110,132 |
| Total liabilities and shareholders' equity | \$ 306,607 | \$ 314,381 |

The accompanying notes are an integral part of these consolidated financial statements.

DLH HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

| | Six Months Ended March 31, | |
|---|---------------------------------------|----------------|
| | 2025 | 2024 |
| Operating activities | | |
| Net income | \$ 1,992 | \$ 3,963 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 8,572 | 8,496 |
| Amortization of deferred financing costs charged to interest expense | 880 | 1,040 |
| Stock-based compensation expense | 725 | 1,573 |
| Deferred taxes, net | 1,530 | 42 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (1,864) | 3,662 |
| Other assets | (638) | 2,187 |
| Accounts payable and accrued liabilities | (7,927) | (6,669) |
| Accrued payroll | (402) | (2,038) |
| Other liabilities | 97 | (1,955) |
| Net cash provided by operating activities | 2,965 | 10,301 |
| Investing activities | | |
| Purchase of equipment and improvements | (1) | (466) |
| Net cash used in investing activities | (1) | (466) |
| Financing activities | | |
| Proceeds from revolving line of credit | 117,850 | 161,555 |
| Repayment of revolving line of credit | (116,008) | (157,079) |
| Repayments of debt obligations | (4,750) | (13,063) |
| Payments of deferred financing costs | (202) | — |
| Proceeds from issuance of common stock upon exercise of options and warrants | — | 261 |
| Payment of tax obligations resulting from net exercise of stock options | — | (1,486) |
| Net cash used in financing activities | (3,110) | (9,812) |
| Net change in cash | (146) | 23 |
| Cash - beginning of period | 342 | 215 |
| Cash - end of period | \$ 196 | \$ 238 |
| Supplemental disclosure of cash flow information | | |
| Cash paid during the period for interest | \$ 7,165 | \$ 7,873 |
| Cash paid during the period for income taxes | \$ 508 | \$ 1,798 |
| Supplemental disclosure of non-cash activity | | |
| Common stock surrendered for the exercise of stock options | \$ — | \$ 2,324 |
| Lease liability recognized to acquire a right-of-use asset | \$ 1,377 | \$ — |

The accompanying notes are an integral part of these consolidated financial statements.

DLH HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited, in thousands, except for per share data)

| | Common Stock | | | | Additional | | Retained Earnings | Total Shareholders' |
|--|---------------|--------------|-----------|--|----------------|-----------|-------------------|---------------------|
| | Shares | Amount | | | Paid-In | | | Equity |
| | | | | | Capital | | | |
| Balance at December 31, 2024 | 14,386 | \$ 14 | \$ | | 100,463 | \$ | 10,962 | \$ 111,439 |
| Expense related to director restricted stock units | — | — | | | 130 | | — | 130 |
| Expense related to employee stock-based compensation | — | — | | | 402 | | — | 402 |
| Net income | — | — | | | — | | 878 | 878 |
| Balance at March 31, 2025 | 14,386 | \$ 14 | \$ | | 100,995 | \$ | 11,840 | \$ 112,849 |

| | Common Stock | | | | Additional | | Retained Earnings | Total Shareholders' |
|--|---------------|--------------|-----------|--|----------------|-----------|-------------------|---------------------|
| | Shares | Amount | | | Paid-In | | | Equity |
| | | | | | Capital | | | |
| Balance at September 30, 2024 | 14,386 | \$ 14 | \$ | | 100,270 | \$ | 9,848 | \$ 110,132 |
| Expense related to director restricted stock units | — | — | | | 309 | | — | 309 |
| Expense related to employee stock-based compensation | — | — | | | 416 | | — | 416 |
| Net income | — | — | | | — | | 1,992 | 1,992 |
| Balance at March 31, 2025 | 14,386 | \$ 14 | \$ | | 100,995 | \$ | 11,840 | \$ 112,849 |

| | Common Stock | | | | Additional | | Retained Earnings | Total Shareholders' |
|--|---------------|--------------|-----------|--|----------------|-----------|-------------------|---------------------|
| | Shares | Amount | | | Paid-In | | | Equity |
| | | | | | Capital | | | |
| Balance at December 31, 2023 | 14,105 | \$ 14 | \$ | | 100,186 | \$ | 4,602 | \$ 104,802 |
| Expense related to director restricted stock units | — | — | | | 180 | | — | 180 |
| Expense related to employee stock-based compensation | — | — | | | 774 | | — | 774 |
| Exercise of stock options | 315 | — | | | — | | — | — |
| Common stock surrendered for the exercise of stock options | (190) | — | | | (818) | | — | (818) |
| Net income | — | — | | | — | | 1,812 | 1,812 |
| Balance at March 31, 2024 | 14,230 | \$ 14 | \$ | | 100,322 | \$ | 6,414 | \$ 106,750 |

| | Common Stock | | | | Additional | | Retained Earnings | Total Shareholders' |
|--|---------------|--------------|-----------|--|----------------|-----------|-------------------|---------------------|
| | Shares | Amount | | | Paid-In | | | Equity |
| | | | | | Capital | | | |
| Balance at September 30, 2023 | 13,950 | \$ 14 | \$ | | 99,974 | \$ | 2,451 | \$ 102,439 |
| Expense related to director restricted stock units | — | — | | | 259 | | — | 259 |
| Expense related to employee stock-based compensation | — | — | | | 1,314 | | — | 1,314 |
| Exercise of stock options | 535 | — | | | 261 | | — | 261 |
| Common stock surrendered for the exercise of stock options | (255) | — | | | (1,486) | | — | (1,486) |
| Net income | — | — | | | — | | 3,963 | 3,963 |
| Balance at March 31, 2024 | 14,230 | \$ 14 | \$ | | 100,322 | \$ | 6,414 | \$ 106,750 |

The accompanying notes are an integral part of these consolidated financial statements.

DLH HOLDINGS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
March 31, 2025

1. Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of DLH Holdings Corp. and its wholly-owned subsidiaries (together with its subsidiaries, "DLH" or the "Company" and also referred to as "we," "us" and "our"). All significant intercompany balances and transactions have been eliminated in consolidation. The accompanying financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these statements do not include all of the information and footnotes required by GAAP for complete financial statements.

Operating results for the six months ended March 31, 2025 are not necessarily indicative of the results that may be expected for the year ending September 30, 2025 or any future period. Amounts as of March 31, 2025 and for the three and six months ended March 31, 2025 are unaudited. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2024 filed with the Securities and Exchange Commission on December 4, 2024.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The most significant of these estimates and assumptions relate to estimating costs including overhead and its allocation, valuing and determining the amortization periods for long-lived intangible assets, interest rate swaps, stock-based compensation, and right-of-use assets and lease liabilities. We evaluate these estimates and judgments on an ongoing basis and base our estimates on historical experience, current and expected future outcomes, third-party evaluations, and various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. We revise material accounting estimates if changes occur, such as more experience is acquired, additional information is obtained, or there is new information on which an estimate was or can be based. Actual results could differ from those estimates.

Revenue

The Company's revenues from contracts with customers are derived from offerings that include technology-enabled business process outsourcing, program management solutions, and public health research and analytics, substantially within the U.S. government and its agencies. The Company has various types of contracts including time-and-materials contracts, cost-reimbursable contracts, and firm-fixed-price contracts.

We consider a contract with a customer to exist when there is a commitment by both parties (customer and Company), payment terms are determinable, there is commercial substance, and collectability is probably in accordance with Accounting Standards Codification ("ASC") No. 606, "Revenue from Contracts with Customers" ("Topic 606").

We recognize revenue over time when there is a continuous transfer of control to our customer as performance obligations are satisfied. For our U.S. government contracts, this continuous transfer of control to the customer is transferred over time and revenue is recognized based on the extent of progress toward completion of the performance obligation. We consider control to transfer when we have a right to payment. In some instances, the Company commences providing services prior to formal approval to begin work from the customer. The Company considers these factors, the risks associated with commencing work, and legal enforceability in determining whether a contract exists under Topic 606.

Contract modification can occur throughout the life of the contract and can affect the transaction price, extend the period of performance, adjust funding, or create new performance obligations. We review each modification to assess the impact of these contract changes to determine if it should be treated as part of the original performance obligation or as a separate contract.

Contract modifications impact performance obligations when the modification either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue and profit cumulatively. Furthermore, a significant change in one or more estimates could affect the profitability of our contracts. We recognize adjustments in estimated profit on contracts in the period identified.

For service contracts, we satisfy our performance obligations as services are rendered. We use cost-based input and time-based output methods to measure progress based on the contract type.

- *Time and material* - We bill the customer per labor hour and per material, and revenue is recognized in the amount invoiced as the amount corresponds directly to the value of our performance to date. Revenue is recognized to the extent of billable rates times hours delivered plus materials and other reimbursable costs incurred.
- *Cost reimbursable* - We record reimbursable costs as incurred, including an estimated share of the contractual fee earned.
- *Firm fixed price* - We recognize revenue over time using a straight-line measure of progress.

Contract costs generally include direct costs such as labor, materials, subcontract costs, and indirect costs identifiable with or allocable to a specific contract. Costs are expensed as incurred and include an estimate of the contractual fees earned. Contract costs incurred for U.S. government contracts, including indirect costs, are subject to audit and adjustment by various government audit agencies. Historically, our adjustments have not been material.

Contract assets - Amounts are invoiced as work progresses in accordance with agreed-upon contractual terms. In part, revenue recognition occurs before we have the right to bill, resulting in contract assets. These contract assets are reported within accounts receivable on our consolidated balance sheets and are invoiced in accordance with payment terms defined in each contract. Period end balances will vary from period to period due to agreed-upon contractual terms.

Contract liabilities - Amounts are a result of billings in excess of costs incurred or prepayment for services to be rendered.

Fair Value of Financial Instruments

The carrying amounts of the Company's cash, accounts receivable, contract assets, accrued expenses, and accounts payable approximate fair value due to the short-term nature of these instruments. The fair values of the Company's debt instruments approximate fair value because the underlying interest rates approximate market rates that the Company could obtain for similar instruments at the balance sheet dates.

Long-Lived Assets

Our long-lived assets include equipment and improvements, intangible assets, right-of-use assets, and goodwill. The Company continues to review long-lived assets for possible impairment or loss of value at least annually, or more frequently upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value. Specifically related to goodwill, if the qualitative analysis indicates a quantitative assessment is necessary, the Company utilizes multiple methods to determine its implied fair value. Each method utilizes a significant amount of judgment and may not be indicative of the Company's fair value on its own and therefore multiple methods could be combined to determine an implied fair value. Each method utilizes relevant publicly available information as well as observable market conditions. If the book value of goodwill exceeds its fair value, then an impairment is recognized and goodwill is written down to fair value. The impairment loss would be recognized as an operating expense.

Equipment and improvements are recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful asset lives (3 to 7 years) and the shorter of the initial lease term or estimated useful life for leasehold improvements. Maintenance and repair costs are expensed as incurred. Intangible assets (other than goodwill) are originally recorded at fair value and are amortized on a straight-line basis over their estimated useful lives of 10 years.

Right-of-use assets are measured at the present value of future minimum lease payments, including all probable renewals, plus lease payments made to the lessor before or at lease commencement and indirect costs paid, less incentives received. Our right-of-use assets include long-term leases for facilities and equipment and are amortized over their respective lease terms.

Lease Liabilities

The Company has leases for facilities and office equipment. Our lease liabilities are recognized as the present value of the future minimum lease payments over the lease term. Our lease payments consist of fixed and in-substance fixed amounts attributable to the use of the underlying asset over the lease term. Variable lease payments that do not depend on an index rate or are not in-substance fixed payments are excluded in the measurement of right-of-use assets and lease liabilities and are expensed in the period incurred. The incremental borrowing rate on our secured term loan is used in determining the present value of future minimum lease payments. Some of our lease agreements include options to extend the lease term or terminate the lease. These options are accounted for in our right-of-use assets and lease liabilities when it is reasonably certain that the Company will extend the lease term or terminate the lease. The Company does not have any finance leases. As of March 31, 2025, operating leases for facilities and equipment have remaining lease terms of less than 1 year to 6.5 years.

Goodwill

The Company performs impairment evaluation at least annually and between annual tests whenever there is an indication of impairment. We performed a qualitative assessment of factors to determine whether it was necessary to perform the goodwill impairment test. That assessment at March 31, 2025 indicated a triggering event had occurred requiring that the Company perform additional quantitative assessments. The triggering event was primarily due to the decrease in the Company's share price during the latter half of the quarter ending on March 31, 2025 resulting in a decline in market capitalization. Management then performed a series of quantitative assessments utilizing multiple evaluation methods. Those assessments included both market and income-based methods utilizing level 1 observable market data and level 3 estimates. Significant estimates in the market-based method included identifying similar companies with comparable business factors such as service offerings, customers, size, growth, profitability, risk and return on investment, as well as assessing comparable market multiples in estimating the fair value of the Company. The income-based method is a discounted cash flow analysis and the significant estimates included expected growth rates, profitability and the weighted average cost of capital. The Company used a weighted average blend of these methods to assess its fair value. The results of those assessments indicated that the Company's fair value was in excess of the Company's book value and therefore that its goodwill was not impaired.

Notwithstanding this evaluation, factors including non-renewal of a major contract or other substantial changes in business conditions could have a material adverse effect on the valuation of goodwill in future periods and the resulting charge could be material to future periods' results of operations. Similarly there were no impairments during the prior year ended September 30, 2024.

Income Tax

The Company accounts for income taxes in accordance with the asset and liability method, whereby deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reflected on the consolidated balance sheets when it is determined that it is more likely than not that the asset will be realized. This guidance also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realized. We account for uncertain tax positions by recognizing the financial statement effects of a tax position only when, based upon the technical merits, it is more likely than not that the position will be sustained upon examination. We had no uncertain tax positions at either March 31, 2025 or September 30, 2024. We report interest and penalties as a component of provision for income taxes. During the six months ended March 31, 2025 and 2024, we recognized no interest and no penalties related to income taxes.

Stock-Based Compensation

The Company uses the fair value-based method for stock-based compensation. Options issued are designated as either an incentive stock option or a non-statutory stock option. No option may be granted with a term of more than 10 years from the date of grant. Option awards may depend on achievement of certain vesting criteria determined by the Compensation Committee of our Board. Shares issued upon option exercise are newly issued common shares. All awards to employees and non-employees are recorded at fair value on the date of the grant and expensed over the period of vesting. The Company uses a Monte Carlo method to estimate the fair value of each stock option at the date of grant. Any consideration paid by the option holders to purchase shares is credited to common stock.

Stock-based compensation expense for the portion of equity awards for which the requisite service has not been rendered is recognized as the requisite service is rendered. The stock-based compensation expense for equity awards has been based on the grant-date fair value of those awards as calculated for recognition purposes under applicable guidance. For other equity awards

that vest based on the Company's common stock achieving and maintaining defined market prices, the Company values the awards with a Monte Carlo method that utilizes various probability factors and other criterion in establishing fair value of the grant. The related compensation expense is recognized over the service period.

Cash

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. We maintain cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. Deposits held with financial institutions may exceed the \$250,000 limit.

Accounts Receivable

Receivables include amounts billed and currently due from customers where the right to consideration is unconditional and amounts unbilled. Both billed and unbilled amounts are non-interest bearing, unsecured, and recognized at an estimated realizable value that includes costs and fees, and are generally expected to be billed and received within a single year. We evaluate our receivables for expected credit losses on a quarterly basis and determine whether an allowance for expected credit losses is appropriate based on specific collection issues. No allowance for doubtful accounts was deemed necessary at either March 31, 2025 or September 30, 2024.

Earnings Per Share

Basic earnings per share is calculated by dividing income available to common shareholders by the weighted average number of common stock outstanding and restricted stock grants that vested or are likely to vest during the period. Diluted earnings per share is calculated by dividing income available to common shareholders by the weighted average number of basic common shares outstanding, adjusted to reflect potentially dilutive securities. Diluted earnings per share is calculated using the treasury stock method.

Treasury Stock

The Company periodically purchases its own common stock that is traded on public markets as part of announced stock repurchase programs. The repurchased common stock is classified as treasury stock on the consolidated balance sheets and held at cost. As of March 31, 2025 and September 30, 2024, the Company did not hold any treasury stock.

Preferred Stock

Our certificate of incorporation authorizes the issuance of "blank check" preferred stock with designations, rights and preferences as may be determined from time to time by our board of directors up to an aggregate of 5,000,000 shares of preferred stock. As of March 31, 2025 and September 30, 2024, the Company has not issued any preferred stock.

Interest Rate Swap

The Company uses derivative financial instruments to manage interest rate risk associated with its variable debt. The Company's objective in using these interest rate derivatives is to manage its exposure to interest rate movements and reduce volatility of interest expense. The gains and losses due to changes in the fair value of the interest rate swap agreements completely offset changes in the fair value of the hedged portion of the underlying debt. Offsetting changes in fair value of both the interest rate swaps and the hedged portion of the underlying debt are recognized in interest expense in the consolidated statements of operations. The Company does not hold or issue any derivative instruments for trading or speculative purposes.

Risks and Uncertainties

Management evaluates the impact of global markets and economic factors on our industry and the potential for adverse effects on the Company's consolidated financial position and its operations. As of March 31, 2025 and September 30, 2024, there was no indication of any global or economic impacts to our industry.

3. New Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which will require public entities to disclose significant segment expenses that are regularly

provided to the Company’s Chief Operating Decision Maker (“CODM”) and included in the measure of segment profit or loss. The standard also requires disclosure of the title and position of the CODM, as well as a description of how the CODM uses segment profit or loss information in evaluating performance and allocating resources. We will adopt ASU 2023-07 in our Annual Report on Form 10-K for the fiscal year ending September 30, 2025. DLH operates as a single reporting segment. Given the single-segment structure, we does not expect the adoption of this standard to have a significant impact on our consolidated financial statements or related disclosures.

In December 2023, FASB issued ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" which provides guidance on the requirements such as the requirement that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. DLH is a public company that reports income tax disclosures and therefore this ASU applies to the Company. ASU 2023-09 is effective for public business entities for fiscal years beginning after December 15, 2024. We are currently evaluating the impacts of the improvements to income tax disclosure.

In March 2024, the Securities and Exchange Commission ("SEC") has released a final rule that requires registrants to provide comprehensive climate-related disclosures in their annual reports and registration statements, including those for IPOs, beginning with annual reports for the year ending December 31, 2027, for smaller reporting companies ("SRC"). Registrants must disclose climate-related financial metrics and impacts on their financial estimates and assumptions in a footnote to the audited financial statements. The disclosures will also need to be addressed as part of management’s internal control over financial reporting ("ICFR") and will be subject to the financial statement and ICFR audit (if applicable) of an independent registered public accounting firm. We are currently evaluating the impacts of the improvements to our disclosure.

In November 2024, the FASB issued ASU 2024-03 to enhance transparency in financial reporting by requiring public business entities to disclose disaggregated information about expenses in their financial statements. The guidance mandates disclosure of specific cost components, such as inventory purchases, employee compensation, depreciation, and amortization, within relevant income statement expense captions, along with qualitative descriptions of any remaining undissected amounts. Entities must also disclose total selling expenses and define these annually. Effective for annual reporting periods beginning after December 15, 2026, and interim periods in 2027, the ASU allows prospective or retrospective application and permits early adoption. We are currently evaluating the impacts of the improvements to our disclosure.

4. Revenue Recognition

The following table summarizes the contract balances recognized on the Company's consolidated balance sheets as follows (in thousands):

| | March 31, 2025 | September 30, 2024 |
|-----------------|-------------------|-----------------------|
| Contract assets | \$ 21,920 | \$ 23,945 |

Contract assets are included as part of accounts receivable on the consolidated balances sheets. The change from prior period is primarily due to invoice timing. Contract liabilities had no balance as of March 31, 2025 and September 30, 2024.

Disaggregation of Revenue from Contracts with Customers

We disaggregate our revenue from contracts with customers by customer, contract type, as well as whether the Company acts as prime contractor or subcontractor. We believe these categories best depict how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. The following series of tables present our revenue disaggregated by these categories:

Revenue by customer was as follows (in thousands):

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|---------------------------------|-------------------|-------------------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Department of Health and Human Services | \$ 44,590 | \$ 47,349 | \$ 86,745 | \$ 91,636 |
| Department of Veterans Affairs | 28,696 | 35,616 | 62,795 | 70,296 |
| Department of Defense | 14,711 | 16,412 | 28,066 | 33,283 |
| Other | 1,215 | 1,630 | 2,388 | 3,642 |
| Total | \$ 89,212 | \$ 101,007 | \$ 179,994 | \$ 198,857 |

Revenue by contract type was as follows (in thousands):

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--------------------|---------------------------------|-------------------|-------------------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Time and Materials | \$ 46,339 | \$ 55,487 | \$ 95,741 | \$ 110,276 |
| Cost Reimbursable | 19,582 | 21,326 | 37,724 | 41,077 |
| Firm Fixed Price | 23,291 | 24,194 | 46,529 | 47,504 |
| Total | \$ 89,212 | \$ 101,007 | \$ 179,994 | \$ 198,857 |

Revenue by whether the Company acts as a prime contractor or a subcontractor was as follows (in thousands):

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|------------------|---------------------------------|-------------------|-------------------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Prime Contractor | \$ 81,755 | \$ 90,696 | \$ 164,859 | \$ 178,318 |
| Subcontractor | 7,457 | 10,311 | 15,135 | 20,539 |
| Total | \$ 89,212 | \$ 101,007 | \$ 179,994 | \$ 198,857 |

5. Leases

The following table summarizes lease balances presented on our consolidated balance sheets as follows (in thousands):

| | March 31, 2025 | September 30, 2024 |
|--|-------------------|-----------------------|
| Operating lease right-of-use assets | \$ 6,956 | \$ 6,681 |
| Operating lease liabilities - current | \$ 2,716 | \$ 2,652 |
| Operating lease liabilities - long-term | 12,666 | 12,789 |
| Total operating lease liabilities | \$ 15,382 | \$ 15,441 |

As of March 31, 2025, operating leases for facilities and equipment have remaining lease terms of less than 1 year to 6 years. The non-cash increase in both lease liabilities and right-of-use assets during the current period is primarily attributable to an extension of an existing operating lease. The non-cash increase to lease liabilities from the lease extension was \$1.4 million.

Total lease costs for our leases were as follows (in thousands):

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--------------------------|---------------------------------|---------------|-------------------------------|-----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Operating | \$ 765 | \$ 883 | \$ 1,611 | \$ 1,756 |
| Short-term | 214 | 50 | 373 | 100 |
| Variable | 28 | 37 | 62 | 75 |
| Sublease income (a) | (48) | (67) | (97) | (133) |
| Total lease costs | \$ 959 | \$ 903 | \$ 1,949 | \$ 1,798 |

(a) The Company subleases a portion of one of its leased facilities. The sublease is classified as an operating lease with respect to the underlying asset. The sublease term is 5 years and includes two additional 1 year term extension options.

The Company's future minimum lease payments as of March 31, 2025 were as follows (in thousands):

Fiscal year ending:

| | |
|--|------------------|
| 2025 (remaining) | \$ 1,832 |
| 2026 | 3,641 |
| 2027 | 3,052 |
| 2028 | 2,914 |
| 2029 | 3,013 |
| Thereafter | 3,880 |
| Total future lease payments | 18,332 |
| Less: imputed interest | (2,950) |
| Present value of future minimum lease payments | 15,382 |
| Less: current portion of operating lease liabilities | (2,716) |
| Long-term operating lease liabilities | <u>\$ 12,666</u> |

At March 31, 2025, the weighted-average remaining lease term and weighted-average discount rate were 5.4 years and 6.5%, respectively. The calculation of the weighted-average discount rate was determined based on borrowing terms from our secured term loan.

Other information related to our leases was as follows (in thousands):

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|-----------------|-------------------------------|-----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Cash paid for amounts included in the measurement of lease liabilities | \$ 982 | \$ 1,163 | \$ 1,950 | \$ 2,364 |
| Lease liabilities arising from obtaining right-of-use assets | — | — | 1,377 | — |
| Other lease information | \$ 982 | \$ 1,163 | \$ 3,327 | \$ 2,364 |

6. Supporting Financial Information

Accounts receivable

The following table summarizes accounts receivable presented on our consolidated balance sheets as follows (in thousands):

| | March 31, 2025 | September 30, 2024 |
|----------------------------|-------------------|-----------------------|
| Billed receivables | \$ 29,793 | \$ 25,904 |
| Contract assets | 21,920 | 23,945 |
| Accounts receivable | \$ 51,713 | \$ 49,849 |

Other current assets

The following table summarizes other current assets presented on our consolidated balance sheets as follows (in thousands):

| | March 31, 2025 | September 30, 2024 |
|-------------------------------------|-------------------|-----------------------|
| Prepaid licenses and other expenses | \$ 2,162 | \$ 1,315 |
| Prepaid insurance and benefits | 41 | 545 |
| Other receivables | 926 | 906 |
| Other current assets | \$ 3,129 | \$ 2,766 |

Goodwill

There were no changes in goodwill for the six months ended March 31, 2025. The balance of goodwill was approximately \$138.2 million as of March 31, 2025 and September 30, 2024.

Intangible assets

The following table summarizes intangible assets, net presented on our consolidated balance sheets as follows (in thousands):

| | March 31, 2025 | September 30, 2024 |
|---|-------------------|-----------------------|
| Intangible assets | | |
| Customer contracts and related customer relationships | \$ 113,622 | \$ 113,622 |
| Backlog | 37,249 | 37,249 |
| Trade name | 13,034 | 13,034 |
| Covenants-not-to-compete | 637 | 637 |
| Total intangible assets | 164,542 | 164,542 |
| Less: accumulated amortization | | |
| Customer contracts and related customer relationships | (46,981) | (41,297) |
| Backlog | (12,854) | (10,994) |
| Trade name | (4,140) | (3,488) |
| Covenants-not-to-compete | (474) | (442) |
| Total accumulated amortization | (64,449) | (56,221) |
| Intangible assets, net | \$ 100,093 | \$ 108,321 |

Amortization expense was \$4.1 million and \$4.1 million for the three months ended March 31, 2025 and 2024, respectively, and \$8.2 million and \$8.2 million for the six months ended March 31, 2025 and 2024, respectively.

As of March 31, 2025, the estimated amortization expense per fiscal year was as follows (in thousands):

Fiscal year ending:

| | | |
|-----------------------------------|-----------|----------------|
| 2025 (remaining) | \$ | 8,226 |
| 2026 | | 15,722 |
| 2027 | | 14,694 |
| 2028 | | 14,694 |
| 2029 | | 13,734 |
| Thereafter | | 33,023 |
| Total amortization expense | \$ | 100,093 |

At March 31, 2025, the weighted-average remaining amortization period in total was 6.9 years. The weighted-average amortization period for customer contracts and related customer relationships, backlog, trade names and covenants-not-to-compete was 6.9 years, 6.9 years, 7.2 years, and 5.3 years, respectively.

Equipment and improvements, net

The following table summarizes equipment and improvements, net presented on our consolidated balance sheets as follows (in thousands):

| | March 31, 2025 | September 30, 2024 |
|--|---------------------------|-------------------------------|
| Furniture and equipment | \$ 1,846 | \$ 1,832 |
| Computer equipment and software | 7,260 | 7,273 |
| Leasehold improvements | 1,614 | 1,614 |
| Total equipment and improvements | 10,720 | 10,719 |
| Less: accumulated depreciation | (9,233) | (8,889) |
| Equipment and improvements, net | \$ 1,487 | \$ 1,830 |

Depreciation expense was \$0.2 million and \$0.1 million for the three months ended March 31, 2025 and 2024, respectively, \$0.3 million and \$0.3 million for the six months ended March 31, 2025 and 2024, respectively.

Accounts payable and accrued liabilities

The following table summarizes accounts payable and accrued liabilities presented on our consolidated balance sheets as follows (in thousands):

| | March 31, 2025 | September 30, 2024 |
|---|---------------------------|-------------------------------|
| Accounts payable | \$ 12,985 | \$ 13,421 |
| Accrued benefits | 376 | 4,519 |
| Accrued workers' compensation insurance | 1,456 | 1,528 |
| Accrued bonus and incentive compensation | 720 | 3,641 |
| Accrued interest | 626 | 619 |
| Other accrued expenses | 1,199 | 1,562 |
| Accounts payable and accrued liabilities | \$ 17,362 | \$ 25,290 |

Accrued payroll

The following table summarizes accrued payroll presented on our consolidated balance sheets as follows (in thousands):

| | March 31, 2025 | September 30, 2024 |
|------------------------------|-------------------|-----------------------|
| Accrued leave | \$ 8,762 | \$ 8,569 |
| Accrued payroll | 3,357 | 3,070 |
| Accrued payroll taxes | 327 | 981 |
| Accrued severance | — | 228 |
| Total accrued payroll | \$ 12,446 | \$ 12,848 |

Debt obligations

The following table summarizes debt obligations presented on our consolidated balance sheets as follows (in thousands):

| | March 31, 2025 | September 30, 2024 |
|--|-------------------|-----------------------|
| Secured term loan | \$ 137,750 | \$ 142,500 |
| Secured revolving line of credit | 13,900 | 12,058 |
| Less: unamortized deferred financing costs | (4,343) | (5,184) |
| Net bank debt obligations | 147,307 | 149,374 |
| Less: current portion of debt obligations, net of deferred financing costs (a) | (17,036) | (12,058) |
| Long-term portion of debt obligations, net of deferred financing costs | \$ 130,271 | \$ 137,316 |

As of March 31, 2025, we have satisfied quarterly minimum principal payments on our secured term loan through September 30, 2025.

(a) As of March 31, 2025, the current portion comprises term loan amortization of \$4.8 million and the \$13.9 million outstanding balance on the secured revolving line of credit, net of \$1.6 million of unamortized deferred financing costs.

Interest expense

The following table summarizes interest expense presented on our consolidated statements of operations as follows (in thousands):

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|-----------------|-------------------------------|-----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Interest expense (a) | \$ 3,486 | \$ 3,821 | \$ 7,172 | \$ 7,831 |
| Interest income (b) | (33) | (28) | (42) | (23) |
| Amortization of deferred financing costs (c) | 424 | 397 | 880 | 1,040 |
| Interest expense | \$ 3,877 | \$ 4,190 | \$ 8,010 | \$ 8,848 |

(a) Interest expense on borrowing.

(b) Interest earned from customer payments received after the due date.

(c) Amortization of expenses related to secured term loan and secured revolving line of credit.

7. Credit Facilities

A summary of our credit facilities as presented on our consolidated balance sheets as follows (in millions):

| Arrangement | March 31, 2025 | | September 30, 2024 | |
|---|----------------|--------------------------|--------------------|--------------------------|
| | Loan Balance | Interest | Loan Balance | Interest |
| Secured term loan (a) due December 8, 2027 | \$ 137,750 | SOFR ¹ + 4.1% | \$ 142,500 | SOFR ¹ + 4.1% |
| Secured revolving line of credit (b) due December 8, 2027 | \$ 13,900 | SOFR ¹ + 4.1% | \$ 12,058 | SOFR ¹ + 4.1% |

¹Secured Overnight Financing Rate ("SOFR") as of March 31, 2025 and September 30, 2024 were 4.3% and 5.2% respectively.

(a) Represents the principal amounts payable on our term loan, which is secured by liens on substantially all of the assets of the Company. The principal of the term loan is payable in quarterly installments with the remaining balance due on December 8, 2027.

On January 31, 2023, we executed a floating-to-fixed interest rate swap with First National Bank ("FNB") which has a notional amount of \$74.0 million at March 31, 2025, a fixed interest rate of 4.10% and a maturity date of January 31, 2026. As a result of entering interest rate swap agreements, for the six months ended March 31, 2025, interest expense has been decreased by approximately \$0.2 million.

The Credit Agreement requires compliance with a number of financial covenants and contains restrictions on our ability to engage in certain transactions. Among other matters, we must comply with limitations on: granting liens; incurring other indebtedness; maintenance of assets; investments in other entities and extensions of credit; mergers and consolidations; and changes in nature of business. On November 6, 2024, the Company completed an amendment to its credit facility. The amendment modified certain financial covenants thresholds for future measurement periods and reduced the amount available under the revolving line of credit, as discussed in further detail below. The amendment was approved by the Company's Board of Directors and Executive Management and the credit facility lenders. The loan agreement also requires us to comply with certain quarterly financial covenants including: (i) a minimum fixed charge coverage ratio ranging from 1.25:1.00 to 1.05:1.00 and (ii) a total leverage ratio not exceeding the ratio of 4.75:1.00 to 4.25:1.00 through maturity. The total leverage ratio is calculated by dividing the Company's total interest-bearing debt by net income adjusted to exclude (i) interest and other expenses, (ii) provision for income taxes (benefit) expense, if any, (iii) depreciation and amortization, and (iv) non-cash charges, losses or expenses, including stock-based compensation, and (v) non-recurring charges, losses or expenses to include transaction and non-cash equity expense. We are in compliance with all loan covenants and restrictions as of March 31, 2025.

We are required to pay quarterly amortization payments, which commenced in December 2022. The annual amortization amount is \$19.0 million for each of fiscal years 2025 and 2026, and \$23.75 million for fiscal year 2027, with the remaining unpaid loan balance due at maturity in December 2027. The quarterly payments are equal installments. The outstanding principal balance on the secured term loan was \$137.8 million as of March 31, 2025. We have satisfied the mandatory principal payments through December 2025.

In addition to quarterly payments of the outstanding indebtedness, the loan agreement also requires annual payments of a percentage of excess cash flow, as defined in the loan agreement. The loan agreement states that an excess cash flow recapture payment must be made equal to (a) 75% of the excess cash flow for the immediately preceding fiscal year in which indebtedness to consolidated EBITDA ratio is greater than or equal to 2.5:1; (b) 50% of the excess cash flow for the immediately preceding fiscal year in which the funded indebtedness to consolidated EBITDA Ratio is less than 2.5:1 but greater than or equal to 1.5:1; or (c) 0% of the excess cash flow for the immediately preceding fiscal year in which the funded indebtedness to consolidated EBITDA Ratio is less than 1.5:1. In addition, the Company must make additional mandatory prepayment of amounts outstanding based on proceeds received from asset sales and sales of certain equity securities or other indebtedness. Due to the voluntary prepayment of term debt, there was no excess cash flow payment required. For additional information regarding the schedule of future payment obligations, please refer to [Note 10. Commitments and Contingencies](#).

(b) As amended, the secured revolving line of credit has a ceiling of up to \$50.0 million; as of March 31, 2025, we had unused borrowing capacity of \$19.8 million, which is net of outstanding letters of credit. Borrowing on the secured revolving line of credit is secured by liens on substantially all of the assets of the Company. The Company accessed funds from the secured revolving line of credit during the year, which had a \$13.9 million outstanding balance at March 31, 2025. As part of the

secured revolving line of credit, the lenders agreed to a sublimit of \$10.0 million for letters of credit for the account of the Company, subject to applicable procedures.

8. Stock-Based Compensation and Equity Grants

Stock-based compensation expense

Options issued under equity incentive plans were designated as either an incentive stock or a non-statutory stock option. No option was granted with a term of more than 10 years from the date of grant. Exercisability of option awards may depend on achievement of certain performance measures determined by the Compensation Committee of our Board. Shares issued upon option exercise are newly issued shares. Our shareholders approved the adoption of the 2025 Equity Incentive Plan (the "2025 Plan"), which governs the awarding of equity compensation agreements. Upon approval, the 2025 Plan replaced the 2016 Equity Incentive Plan. As of March 31, 2025, there were 1.2 million shares available for grant under the 2025 Plan.

Stock-based compensation expense shown in the table below, is recorded in general and administrative expenses in our consolidated statements of operations as follows (in thousands):

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|-----------------------------------|---------------------------------|---------------|-------------------------------|-----------------|
| | 2025 | 2024 | 2025 | 2024 |
| DLH employees (a) | \$ 403 | \$ 774 | \$ 416 | \$ 1,314 |
| Non-employee directors (b) | 130 | 180 | 309 | 259 |
| Total stock option expense | \$ 533 | \$ 954 | \$ 725 | \$ 1,573 |

(a) Included in this amount are equity grants of restricted stock units ("RSU") to Executive Officers, which were issued in accordance with the DLH long-term incentive compensation policy in this fiscal year, and stock option grants to employees during prior fiscal years. The RSUs issued and outstanding totaled 697,384 and 429,320 shares at March 31, 2025 and 2024, respectively.

During the three months ended March 31, 2025 and 2024, there were zero grants awarded.

During the six months ended March 31, 2025 and 2024, the Company granted 312,906 and 169,544 shares of restricted stock units, respectively. Of the RSUs granted during the six months ended March 31, 2025, 156,453 shares have performance and market based vesting criteria and the remaining 156,453 shares have service-based vesting criteria. Of the RSUs granted during the six months ended March 31, 2024, 84,773 shares have performance and market based vesting criteria and the remaining 84,771 shares have service-based vesting criteria.

The RSUs granted were valued as follows using the Monte Carlo Method, and will be amortized over the 3-year measurement period.

| Grant Date | Vesting Base | Vesting Criteria | (Years) | Volatility 50% | |
|-------------------|--------------|--|---------|-------------------|------|
| | | | | Fair Value | |
| December 20, 2024 | Revenue | Revenue increase at the end of the measurement period as compared to the year ended September 30, 2027 | 3 | \$ | 0.65 |
| December 20, 2024 | Stock price | Stock price is at least \$23.04 per share average for the 30 days prior to the end of the performance period | 3 | \$ | 1.67 |
| December 15, 2023 | Revenue | Revenue increase at the end of the measurement period as compared to the year ended September 30, 2023 | 3 | \$ | 3.82 |
| December 15, 2023 | Stock price | Stock price is at least \$25.65 per share average for the 30 days prior to the end of the performance period | 3 | \$ | 5.36 |

Notes:

Results based on 100,000 simulations

(b) Equity grants of RSUs were made in accordance with DLH compensation policy for non-employee directors and a total of 67,615 and 61,525 restricted stock units were issued and outstanding at March 31, 2025 and 2024, respectively. These grants have service-based vesting criteria and vest at the end of this fiscal year.

Unrecognized stock-based compensation expense

Unrecognized stock-based compensation expense is presented in the table below (in thousands):

| | March 31, | |
|---|-----------------|-----------------|
| | 2025 | 2024 |
| Unrecognized expense for DLH employees (a) | \$ 4,567 | \$ 7,026 |
| Unrecognized expense for non-employee directors | 309 | 359 |
| Total unrecognized expense | \$ 4,876 | \$ 7,385 |

(a) On a weighted average basis, the unrecognized expense as of March 31, 2025 is expected to be recognized within the next 2.42 years.

Stock option activity for the six months ended March 31, 2025

The aggregate intrinsic value in the table below represents the total pretax intrinsic value (i.e., the difference between the Company's closing stock price on the last trading day of the period and the exercise price, times the number of shares) that would have been received by the option holders had all option holders exercised their in the money options on those dates. This amount will change based on the fair market value of the Company's stock. A summary of the Company's stock option awards is as follows:

| | (in thousands) Number of Shares | Weighted Average Exercise Price | (in years) Weighted Average Remaining Contractual Term | (in thousands) Aggregate Intrinsic Value |
|---|---------------------------------------|--|---|---|
| Options outstanding, September 30, 2024 | 1,237 | \$ 9.28 | 6.1 | \$ 1,313 |
| Granted | — | — | — | — |
| Exercised | — | — | — | — |
| Cancelled | (100) | 13.43 | — | — |
| Options outstanding, March 31, 2025 | 1,137 | \$ 9.25 | 5.50 | \$ — |
| Vested and exercisable, March 31, 2025 | 1,077 | \$ 8.99 | 5.37 | \$ — |

Stock option shares outstanding, vested and unvested balance as follows (in thousands):

| | March 31, 2025 | September 30, 2024 |
|----------------------------|-------------------|-----------------------|
| Vested and exercisable | 1,077 | 1,177 |
| Unvested (a) | 60 | 60 |
| Options outstanding | 1,137 | 1,237 |

(a) Certain awards vest upon satisfaction of certain performance criteria.

9. Earnings Per Share

Basic earnings per share is calculated by dividing income available to common shareholders by the weighted average number of common shares outstanding and restricted stock grants that vested or are likely to vest during the period. Diluted earnings per share is calculated by dividing income available to common shareholders by the weighted average number of basic common shares outstanding, adjusted to reflect potentially dilutive securities. Diluted earnings per share is calculated using the treasury stock method.

Earnings per share information is presented in the table below (in thousands except for per share amounts):

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|----------|-------------------------------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| Numerator: | | | | |
| Net income | \$ 878 | \$ 1,812 | \$ 1,992 | \$ 3,963 |
| Denominator: | | | | |
| Denominator for basic net income per share - weighted-average outstanding shares | 14,386 | 14,205 | 14,386 | 14,118 |
| Effect of dilutive securities: | | | | |
| Stock options and restricted stock | 68 | 741 | 68 | 705 |
| Denominator for diluted net income per share - weighted-average outstanding shares | 14,454 | 14,946 | 14,454 | 14,823 |
| Net income per share - basic | \$ 0.06 | \$ 0.13 | \$ 0.14 | \$ 0.28 |
| Net income per share - diluted | \$ 0.06 | \$ 0.12 | \$ 0.14 | \$ 0.27 |

10. Commitments and Contingencies

Contractual obligations as of March 31, 2025 are as follows (in thousands):

| | Total | Payments Due Per Fiscal Year | | | | | |
|--------------------------------------|-------------------|------------------------------|------------------|------------------|-------------------|-----------------|-----------------|
| | | (Remaining) 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
| Debt obligations | \$ 151,650 | \$ 13,900 | \$ 14,250 | \$ 23,750 | \$ 99,750 | \$ — | \$ — |
| Facility operating leases | 18,332 | 1,832 | 3,641 | 3,052 | 2,914 | 3,013 | 3,880 |
| Total contractual obligations | \$ 169,982 | \$ 15,732 | \$ 17,891 | \$ 26,802 | \$ 102,664 | \$ 3,013 | \$ 3,880 |

Legal proceedings

As a commercial enterprise and employer, the Company is subject to various claims and legal actions in the ordinary course of business. These matters can include professional liability, employment-relations issues, workers' compensation, tax, payroll and employee-related matters, other commercial disputes arising in the ordinary course of business, and inquiries and investigations by governmental agencies regarding our employment practices or other matters. The Company is not aware of any pending or threatened litigation that it believes is reasonably likely to have a material adverse effect on its results of operations, financial position or cash flows.

11. Related Party Transactions

The Company has determined that for the six months ended March 31, 2025 and 2024, there were no significant related party transactions that have occurred which require disclosure through the date that these consolidated financial statements were issued.

12. Subsequent Events

Management has evaluated subsequent events through the date that the Company's unaudited consolidated financial statements were issued. Based on this evaluation, the Company has determined that no subsequent events have occurred which require disclosure through the date that these consolidated financial statements were issued.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking and Cautionary Statements

You should read the following discussion in conjunction with the Consolidated Financial Statements and the notes to those statements included elsewhere in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the year ended September 30, 2024, and in other reports we have subsequently filed with the SEC. This Quarterly Report on Form 10-Q contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Certain statements contained in this Management's Discussion and Analysis are forward-looking statements that involve risks and uncertainties. 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 report include, among others, statements regarding benefits of acquisitions, 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 report due to a variety of factors, including: the failure to achieve the anticipated benefits of any future acquisition (including anticipated future financial operating 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; the inability to retain employees and customers; contract awards in connection with re-compete 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 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, 2024, as well as interim quarterly filings 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.

Overview and Background

DLH Holdings Corp. ("DLH") delivers improved health and readiness solutions for federal government customers through digital transformation, science research and development, and systems engineering and integration. We bring a unique combination of government sector experience, proven methodology, and unwavering commitment to solve the complex problems faced by civilian and military customers alike, doing so by leveraging multiple capabilities, including cyber technology, artificial intelligence, advanced analytics, cloud-based applications, and telehealth systems.

Competitive Advantages

We believe we are advantageously positioned within our markets through a number of features including, but not limited to:

- highly credentialed workforce;
- predominantly performing as the prime contractor;
- strong past performance record across our government contracts; and
- strong bipartisan support for our key contracts.

We have invested in leading credentials and capabilities that we expect will deliver value to our customers. These investments include development of secure Information Technology ("IT") platforms; sophisticated data analytic tools and techniques; and

implementation process improvement and quality assurance programs and techniques. We are actively pursuing additional credentials that will support our customers' ever evolving missions.

Solutions and Services

We primarily focus on improved deployment and efficiency of large-scale health and defense initiatives for multiple agencies within the federal government, including the Department of Health and Human Services ("HHS"), the Department of Veterans Affairs ("VA"), Department of Defense ("DoD"), and many of their sub-agencies.

We deliver services primarily through prime contracts awarded by the federal government through competitive bidding processes. We have a diverse mix of contract vehicles with various agencies of the federal government, which supports our overall corporate growth strategy. Our revenue is distributed to time and materials contracts (53.1%), firm fixed price contracts (25.9%), and cost reimbursable contracts (21.0%).

We provide the following services and solutions, which are aligned with the long-term needs of our customers:

- Digital Transformation and Cyber Security;
- Science Research and Development; and
- Systems Engineering and Integration

Digital Transformation and Cyber Security

We provide critical digital transformation and cyber security solutions across the federal civilian and cyber defense communities, leveraging advanced technology to modernize obsolete systems, protect sensitive information, manage large datasets, enhance operational efficiency and implement robotic process automation. Our suite of tools includes artificial intelligence and machine learning, cloud enablement, cybersecurity ecosystem, big data analytics, and modeling and simulation.

IT modernization and cyber security maturity are priority initiatives throughout our customer set. Our customers, including numerous institutes and centers within the National Institutes of Health ("NIH"), the Defense Health Agency ("DHA"), US Army Medical Research & Development Command ("MRDC"), and US Navy, rely on our information technology support to enable their vital missions. We work with these customers to reduce risk and build resilience to cyber and physical threats to the federal government's infrastructure, providing the full spectrum of cyber capabilities, cryptographic and true cyber engineering, Certified Information Security Officer ("CISO") / Information System Security Officer ("ISSO") support, risk management frameworks, Continuity of Operations ("COOP") / Disaster Recovery, and enterprise infrastructure and cloud governance focused on designing and implementing zero trust architecture.

Science Research and Development

We advance scientific knowledge and understanding through our extensive research portfolio and domain expertise. We primarily provide large-scale data analytics, testing and evaluation, clinical trials research services, and epidemiology studies to support multiple operating divisions within HHS, including NIH and the Center for Disease Control and Prevention ("CDC"), as well as the Military Health System.

Our employees support innovative, cutting-edge research on emerging trends, health informatics analyses, and application of best practices including mobile, social, and interactive media. We leverage evidence-based methods and web technology to drive health equity to our most vulnerable populations through public engagement. Projects often involve highly specialized expertise and transformative R&D support services. Our decades of experience designing, conducting, and analyzing studies for our diverse customer base, and our full-service clinical research solutions are designed for each customer's specific research and development program. Our employees provide expert knowledge and experience that supports the missions of our customers'.

System Engineering and Integration

Our employees specialize in delivering engineering solutions that support our customers' evolving needs by rapidly deploying resources, solutions, and services. This includes specialized engineering expertise, encompassing areas of Command, Control, Communications, Computers, Cyber, Intelligence, Surveillance, and Reconnaissance ("C5ISR"), modeling, simulation & training, performance based logistics, system modernization, technology-enabled health solutions and software engineering on behalf of the US Navy, HHS, VA, and other federal customers.

We utilize automation to accelerate infrastructure innovation and help customers define a lifecycle for automation assets, as well as set standards for version control, testing, and release processes that proved a robust foundation for their customers. DLH delivers IT operational resilience and efficiency in parallel with technology innovation integration, via hybrid and multi-cloud solutions, leveraging integrated services, process automation, advanced tool stacks, and mature quality processes. Our employees engineer, implement, and operate solutions that demonstrate measurable results to satisfy our customer's management requirements, thus helping customers to confidently deploy secure platforms and technologies that reduce operational costs. We have invested in agile software development credentials for our technical staff, and have achieved Capability Maturity Model Integration ("CMMI") level 3. Our enterprise lifecycle logistics support services encompass military systems deployed worldwide, as well as scientific and IT systems and peripherals for Federal civilian agencies.

Major Customers

Our revenues are from agencies of the U.S. Federal government. A major customer is defined as a customer from whom we derive at least 10% of our revenues. The following table summarizes revenue by customer as follows (in thousands and percent):

| | Six Months Ended | | | |
|---|-------------------|--------------------------|-------------------|--------------------------|
| | March 31, | | | |
| | 2025 | | 2024 | |
| | Revenue | Percent of total revenue | Revenue | Percent of total revenue |
| Department of Health and Human Services | \$ 86,745 | 48.2 % | \$ 91,636 | 46.1 % |
| Department of Veterans Affairs | 62,795 | 34.9 % | 70,296 | 35.4 % |
| Department of Defense | 28,066 | 15.6 % | 33,283 | 16.7 % |
| Other customers with less than 10% share of total revenue | 2,388 | 1.3 % | 3,642 | 1.8 % |
| Total revenue | \$ 179,994 | 100.0 % | \$ 198,857 | 100.0 % |

We remain dependent upon the continuation of our relationships with our major customers as a significant portion of our revenue is concentrated in each of them. Our results of operations, cash flows and financial condition would be materially adversely affected if we were unable to continue our relationship with any of these customers, if we were to lose any of our material current contracts, or if the amount of services we provide to them is materially reduced.

Major Contracts

We operate primarily through prime contracts awarded by the government through competitive bidding processes. We have a diverse mix of contract vehicles with various agencies of the U.S. government, which supports our overall corporate growth strategy. A major contract is defined as a contract or set of contracts from which we derive at least 10% of our revenues.

The revenue attributable to the VA was derived from separate task orders covering the Company's performance of pharmacy and logistics services at various regional locations, in support of the VA's Consolidated Mail Outpatient Pharmacy ("CMOP") program.

- CMOP pharmacy and logistic services represent approximately \$62.8 million and \$70.3 million of revenues for the six months ended March 31, 2025 and 2024, respectively.

As previously disclosed, the VA issued solicitations for performance of the CMOP program by separate contracts for each of its eight locations, with the awards limited to service-disabled veteran owned small business ("SDVOSB") prime contractors. As that ongoing acquisition evaluation is occurring, DLH continues performance as the prime contractor under a sole-source Indefinite Quantity/Indefinite Delivery ("IDIQ") contract effective May 1, 2024. The IDIQ initially had ceiling value of \$200.0 million, and the ceiling value was increased by \$50 million to \$250 million in April 2025. It also has a maximum ordering period through April 30, 2025, with the potential for orders placed within that period to extend performance beyond April 2025. To date, VA has transitioned performance for two locations: Chelmsford, Massachusetts (July 31, 2024) and Hines, Illinois (January 31, 2025).

We were awarded new task orders under this IDIQ contract for the remaining six locations with varying periods of performance. The task order for the Leavenworth, Kansas location has an end date of August 31, 2025. The remaining five locations have task orders with periods of performance through October 2025. To continue ordering services after expiration of the current task orders, the VA would need to award a new bridge contract. With respect to the six locations that DLH continues

to operate, the VA has solicitations to evaluate for three locations. For the remaining three locations, the VA has not yet assigned a proposal due date for the solicitation. Until the VA has completed its procurement processes, we expect to continue providing pharmacy and logistics services at the locations we currently manage. DLH intends to provide additional updates to the progression of these solicitations as a part of its regular quarterly and annual filings.

Backlog

At March 31, 2025, our backlog was approximately \$646.9 million of which \$106.2 million was funded backlog. At September 30, 2024, our backlog was approximately \$690.3 million, of which \$155.1 million was funded backlog.

We define backlog as our estimate of remaining future revenue from existing signed contracts, assuming the exercise of all options relating to such contracts and including executed task orders issued under IDIQ contracts or if the contract is a single award IDIQ contract.

We define funded backlog as the portion of backlog for which funding is appropriated and allocated to the contract by the customer and authorized for payment by the customer, once specified work is completed. Funded backlog does not include the full contract value as Congress often appropriates funding for contracts on a yearly or quarterly basis.

Circumstances and events may cause changes in the amount of our backlog and funded backlog, including the execution of new contracts, extension of existing contracts, non-renewal or completion of current contracts, early termination, and adjustments to estimates. Changes in funded backlog may be affected by the funding cycles of the government. While no assurances can be given that existing contracts will result in earned revenue in any future period, or at all, our major customers have historically exercised their contractual renewal options.

Backlog value is quantified from management's judgment and assumptions about the volume of services based on past volume trends and current planning developed with customers.

Forward-Looking Business Trends

Federal budget outlook for fiscal year 2026:

On May 2, 2025, the White House released its recommendations for discretionary funding levels for fiscal year 2026. The "skinny budget" provides an outline about the administration's policies and priorities and recommendations for fiscal 2026 budgets by department and agency. While the budget offered additional detail, the major themes are consistent with information the administration has already released in public media. In total the administration is recommending a 7.6% reduction in discretionary spending as compared to fiscal 2025 budget levels. The recommendation essentially offset growth in the defense budget with reductions in non-defense budgets, particularly those related to international, climate, health and housing programs that are not aligned with administration policies. Several of our key customers have been recommended to receive an increase in their discretionary spending, in particular the DOD and VA. HHS was recommended to receive a decrease in its budget, while enhancing its focus on administration priorities such as battling chronic diseases, promoting healthy lifestyles, and emerging and infectious disease surveillance.

As we continue to align the Company's capabilities with well-funded budget priorities and the budgetary environment discussed above, we believe we are well positioned to win new business in our large addressable market. Additional factors that could affect federal government spending in our addressable market include changes in set-asides for small businesses, changes in budgetary priorities associated with the new administration, and the effect of initiatives such as the Department of Government Efficiency (DOGE), on limiting or reducing federal government spending in general. Further, the changing priorities of the new administration may have an adverse impact on our results and, as such new priorities are implemented, it may be difficult for us to accurately predict the effect they will have on our results.

Potential impact of federal contractual set-aside laws and regulations:

The Federal government has an overall goal of 23% of prime contracts flowing through small businesses. As previously reported, various agencies within the federal government have policies that support small business goals, including the adoption of the "Rule of Two" by the VA, which provides that the agency shall award contracts by restricting competition for the contract to service-disabled or other veteran-owned businesses. To restrict competition pursuant to this rule, the contracting officer must reasonably expect that at least two of these businesses, which are capable of delivering the services, will submit

offers and that the award can be made at a fair and reasonable price that offers best value to the U.S. When two qualifying small businesses cannot be identified, the VA may proceed to award contracts following a full and open bid process.

The Company believes that its past performance in this market and track record of success provide a competitive advantage. However, the effect of set-aside provisions may limit our ability to compete for prime contractor positions on programs that we recompetes or that we have targeted for growth. In these cases, the Company may elect to join a team with an eligible contractor as prime for specific pursuits that align with our core markets and corporate growth strategy.

During the six months ended March 31, 2025, we generated revenues of approximately \$62.8 million from our set of contracts in support of the VA's CMOP program. As previously reported, the VA has been soliciting proposals for new contracts covering this work with a preference for a Service-Disabled Veteran Owned Small Business, or SDVOSB, to perform as the prime contractor. To date, the VA has awarded two locations to a new SDVOSB prime contractor. The remaining six locations continue to be operated by DLH as the prime contractor. Should awards for the locations for which we have submitted a proposal be offered to a partner of DLH, we expect to continue to perform a significant amount of those contracts' volume of business as a subcontractor.

Results of Operations

The following table summarizes results of operations for the three months ended March 31, 2025 and 2024 (in thousands except for per share amounts, and percentage of revenue):

| | Three Months Ended | | | | | | |
|--|--------------------|--------|---------|----|---------|---------|-------------|
| | March 31, | | | | | | |
| Consolidated Statements of Operations: | 2025 | | 2024 | | Change | | |
| Revenue | \$ | 89,212 | 100.0 % | \$ | 101,007 | 100.0 % | \$ (11,795) |
| Cost of operations: | | | | | | | |
| Contract costs | | 71,209 | 79.8 % | | 79,112 | 78.3 % | (7,903) |
| General and administrative costs | | 8,623 | 9.7 % | | 11,710 | 11.6 % | (3,087) |
| Depreciation and amortization | | 4,265 | 4.8 % | | 4,243 | 4.2 % | 22 |
| Total operating costs | | 84,097 | 94.3 % | | 95,065 | 94.1 % | (10,968) |
| Income from operations | | 5,115 | 5.7 % | | 5,942 | 5.9 % | (827) |
| Interest expense | | 3,877 | 4.3 % | | 4,190 | 4.2 % | (313) |
| Income before provision for income tax | | 1,238 | 1.4 % | | 1,752 | 1.7 % | (514) |
| Provision for income tax expense | | 360 | 0.4 % | | (60) | (0.1) % | 420 |
| Net income | \$ | 878 | 1.0 % | \$ | 1,812 | 1.8 % | \$ (934) |
| | | | | | | | |
| Net income per share - basic | \$ | 0.06 | | \$ | 0.13 | | \$ (0.07) |
| Net income per share - diluted | \$ | 0.06 | | \$ | 0.12 | | \$ (0.06) |

Revenue

Revenue decreased \$11.8 million for the three months ended March 31, 2025 over 2024, primarily reflecting the conversion of certain contracts in our VA and DOD portfolios to small business contractors. The revenue decrease from small business conversion was partially offset by contributions from new contract awards.

Cost of Operations

Contract costs primarily include the costs associated with providing services to our customers. These costs are generally comprised of direct labor and associated fringe benefit costs, subcontract cost, other direct costs, and the related management and infrastructure costs. Contract costs decreased \$7.9 million for the three months ended March 31, 2025 over 2024; the decrease was primarily due to a decrease in revenue volume and a decrease in our overhead costs.

General and administrative costs are for those employees not directly providing services to our customers, to include but not limited to executive management, business development, accounting, and human resources. These costs decreased \$3.1 million for the three months ended March 31, 2025 as compared to 2024. As a percentage of revenue, general and administrative costs decreased to 9.7% from 11.6%, with the decrease primarily due to reducing support costs proportionally with the change in revenue volume.

For the three months ended March 31, 2025, depreciation and amortization expense were approximately \$0.2 million and \$4.1 million, respectively, as compared to approximately \$0.1 million and \$4.1 million for the three months ended March 31, 2024, respectively.

Interest Expense, net

Interest expense, net, includes interest expense on the Company's term loan and amortization of deferred financing costs on debt obligations. Interest expense decreased \$0.3 million for the three months ended March 31, 2025 over 2024, primarily due to the prepayment of debt and a decrease in the floating interest rate.

Provision for Income Tax Expense

Provision for income tax expense increased \$0.4 million for the three months ended March 31, 2025 over 2024. The effective tax rate for the three months ended March 31, 2025 and 2024 was 29.1% and (3.4)%, respectively. The tax provision from the prior year period was positively impacted by the exercise of non-qualifying stock options.

The following table summarizes results of operations for the six months ended March 31, 2025 and 2024 (in thousands except for per share amounts, and percentage of revenue):

| Six Months Ended | | | | | | | | |
|--|------|---------|---------|----|---------|---------|----|----------|
| March 31, | | | | | | | | |
| Consolidated Statements of Operations: | 2025 | | 2024 | | Change | | | |
| Revenue | \$ | 179,994 | 100.0 % | \$ | 198,857 | 100.0 % | \$ | (18,863) |
| Cost of operations: | | | | | | | | |
| Contract costs | | 143,591 | 79.8 % | | 158,193 | 79.6 % | | (14,602) |
| General and administrative costs | | 17,079 | 9.5 % | | 19,407 | 9.8 % | | (2,328) |
| Depreciation and amortization | | 8,572 | 4.8 % | | 8,496 | 4.3 % | | 76 |
| Total operating costs | | 169,242 | 94.1 % | | 186,096 | 93.8 % | | (16,854) |
| Income from operations | | 10,752 | 6.0 % | | 12,761 | 6.4 % | | (2,009) |
| Interest expense | | 8,010 | 4.5 % | | 8,848 | 4.4 % | | (838) |
| Income before provision for income tax | | 2,742 | 1.5 % | | 3,913 | 2.0 % | | (1,171) |
| Provision for income tax expense | | 750 | 0.4 % | | (50) | — % | | 800 |
| Net income | \$ | 1,992 | 1.1 % | \$ | 3,963 | 2.0 % | \$ | (1,971) |
| | | | | | | | | |
| Net income per share - basic | \$ | 0.14 | | \$ | 0.28 | | \$ | (0.14) |
| Net income per share - diluted | \$ | 0.14 | | \$ | 0.27 | | \$ | (0.13) |

Revenue

Revenue decreased \$18.9 million for the six months ended March 31, 2025 over 2024, primarily reflecting the conversion of certain contracts in our VA and DOD portfolios to small business contractors. The revenue decrease from small business conversion was partially offset by contributions from new contract awards.

Cost of Operations

Contract costs primarily include the costs associated with providing services to our customers. These costs are generally comprised of direct labor and associated fringe benefit costs, subcontract cost, other direct costs, and the related management and infrastructure costs. Contract costs decreased \$14.6 million for the six months ended March 31, 2025 and 2024. The decrease was primarily due to a decrease in revenue volume from low margin non-labor costs and a decrease in our overhead costs.

General and administrative costs are for those employees not directly providing services to our customers, to include but not limited to executive management, business development, accounting, and human resources. These costs decreased \$2.3 million for the six months ended March 31, 2025 over 2024. As a percentage of revenue, general and administrative costs decreased to 9.5% from 9.8%. The decrease is primarily due to reducing support costs proportionally with the change in revenue volume.

For the six months ended March 31, 2025, depreciation and amortization expense were approximately \$0.3 million and \$8.2 million, respectively, as compared to approximately \$0.3 million and \$8.2 million for the six months ended March 31, 2024, respectively.

Interest Expense, net

Interest expense, net, includes interest expense on the Company's term loan and amortization of deferred financing costs on debt obligations. Interest expense decreased \$0.8 million for six months ended March 31, 2025 over 2024, primarily due to the prepayment of debt and a decrease in the floating interest rate.

Provision for Income Tax Expense

Provision for income tax expense increased \$0.8 million for the six months ended March 31, 2025 over 2024. The effective tax rate for the six months ended March 31, 2025 and 2024 was 27.4% and (1.3)%, respectively. The tax provision from the prior year period was positively impacted by the exercise of non-qualifying stock options.

Non-GAAP Financial Measures

The Company uses Earnings Before Interest, Tax, Depreciation, and Amortization ("EBITDA") as a supplemental non-GAAP measure of our performance. DLH defines EBITDA as net income excluding (i) depreciation and amortization, (ii) interest expense, and (iii) provision for income tax expense.

On a non-GAAP basis, EBITDA for the six months ended March 31, 2025 and 2024 was approximately \$19.3 million and \$21.3 million, respectively. The decrease was primarily due to the decrease in revenue volume driven by conversion of certain VA and DoD contracts to small business contractors, partially offset by revenue from new contract awards.

This non-GAAP measure of our performance is used by management to conduct and evaluate its business during its regular review of operating results for the periods presented. Management and our Board utilize this non-GAAP measure to make decisions about the use of our resources, analyze performance between periods, develop internal projections and measure management's performance. We believe that this non-GAAP measure is useful to investors in evaluating our ongoing operating and financial results and understanding how such results compare with our historical performance. By providing this non-GAAP measure as a supplement to GAAP information, we believe this enhances investors understanding of our business and results of operations. EBITDA is not a recognized measurement under accounting principles generally accepted in the United States, or GAAP, and when analyzing our performance investors should (i) evaluate adjustments in our reconciliation to the nearest GAAP financial measures and (ii) use non-GAAP measures in addition to, and not as an alternative to, measures of our operating results as defined under GAAP.

Reconciliation of GAAP net income to EBITDA, a non-GAAP measure (in thousands):

| | Three Months Ended March 31, | | | Six Months Ended March 31, | | |
|--|---------------------------------|------------------|-----------------|-------------------------------|------------------|-------------------|
| | 2025 | 2024 | Change | 2025 | 2024 | Change |
| Net income | \$ 878 | \$ 1,812 | \$ (934) | \$ 1,992 | \$ 3,963 | \$ (1,971) |
| (i) Depreciation and amortization | 4,265 | 4,243 | 22 | 8,572 | 8,496 | 76 |
| (ii) Interest expense, net | 3,877 | 4,190 | (313) | 8,010 | 8,848 | (838) |
| (iii) Provision for income tax expense (benefit) | 360 | (60) | 420 | 750 | (50) | 800 |
| EBITDA | \$ 9,380 | \$ 10,185 | \$ (805) | \$ 19,324 | \$ 21,257 | \$ (1,933) |

Liquidity and capital management

Cash was approximately \$0.2 million and \$0.3 million for the periods ended March 31, 2025 and September 30, 2024, respectively.

Available borrowings under our revolving credit facility was approximately \$19.8 million and \$18.1 million for the periods ended March 31, 2025 and September 30, 2024, respectively. The increase is primarily due to repayments of the revolving credit facility for the period ended March 31, 2025.

A summary of the change in cash is presented as follows (in thousands):

| | Six Months Ended March 31, | | |
|---|-------------------------------|--------------|-----------------|
| | 2025 | 2024 | Change |
| Net cash provided by operating activities | \$ 2,965 | \$ 10,301 | \$ (7,336) |
| Net cash used in investing activities | (1) | (466) | 465 |
| Net cash used in financing activities | (3,110) | (9,812) | 6,702 |
| Net change in cash | \$ (146) | \$ 23 | \$ (169) |

Cash flows provided by operating activities totaled approximately \$3.0 million and \$10.3 million for the six months ended March 31, 2025 and 2024, respectively. The decrease in cash provided by operating activities is primarily due to a decrease in revenue volume as compared to the prior year.

Cash used in investing activities totaled \$1.0 thousand and \$465.7 thousand for the six months ended March 31, 2025 and 2024, respectively. The cash utilized was predominantly due to capital expenditures in the six months ended March 31, 2025 and 2024, respectively.

Cash used in financing activities during the six months ended March 31, 2025 and 2024 were approximately \$3.1 million and \$9.8 million, respectively. The cash used in financing activities was primarily due to the prepayment of term debt.

Sources of cash

As of March 31, 2025, our immediate sources of liquidity include cash, accounts receivable, and access to our secured revolving line of credit facility. This credit facility provides us with access of up to \$50.0 million, subject to certain conditions including eligible accounts receivable. As of March 31, 2025, we had unused borrowing capacity of \$19.8 million, which is net of outstanding letters of credit. The Company's present operating liabilities are largely predictable and consist of vendor and payroll related obligations. We believe that our current investment and financing obligations are adequately covered by cash generated from profitable operations and that planned operating cash flow should be sufficient to support our operations for twelve months from the date of issuance of these consolidated financial statements.

Credit Facilities

A summary of our credit facilities for the period ended March 31, 2025 is as follows (in millions):

| <u>Arrangement</u> | <u>Loan Balance</u> | <u>Interest*</u> | <u>Maturity Date</u> |
|---|---------------------|--------------------------|----------------------|
| Secured term loan (a) due December 8, 2027 | \$ 137.8 | SOFR ¹ + 4.1% | December 8, 2027 |
| Secured revolving line of credit (b) due December 8, 2027 | \$ 13.9 | SOFR ¹ + 4.1% | December 8, 2027 |

¹Secured Overnight Financing Rate ("SOFR") as of March 31, 2025 was 4.3%.

On January 31, 2023, we executed a floating-to-fixed interest rate swap with FNB which has a notional amount of \$74.0 million at March 31, 2025, a fixed interest rate of 4.10% and a maturity date of January 31, 2026. As a result of entering these agreements, for the six months ended March 31, 2025, interest expense has been decreased by approximately \$0.2 million.

(a) Represents the principal amounts payable on our term loan, which is secured by liens on substantially all of the assets of the Company. The principal of the term loan is payable in quarterly installments with the remaining balance due on December 8, 2027.

(b) As amended, the secured revolving line of credit has a ceiling of up to \$50.0 million and a maturity date of December 8, 2027. The Company has accessed funds from the revolving credit facility during the quarter and has a balance outstanding at March 31, 2025 of \$13.9 million.

The secured term loan and secured revolving line of credit are secured by liens on substantially all of the assets of the Company. The provisions of our credit facilities are fully described in [Note 7. Credit Facilities](#) to the consolidated financial statements.

Contractual Obligations

Contractual obligations as of March 31, 2025 are as follows (in thousands):

| | | | <u>Payments Due by Period</u> | | | |
|--------------------------------------|-----------|----------------|-------------------------------|-------------------|------------------|--------------------------|
| | | | <u>Next 12 Months</u> | <u>2-3 Years</u> | <u>4-5 Years</u> | <u>More than 5 Years</u> |
| Debt obligations | \$ | 151,650 | \$ 18,650 | \$ 137,750 | \$ — | \$ — |
| Facility operating leases | (a) | 18,332 | 1,832 | 6,693 | 5,927 | 3,880 |
| Total contractual obligations | \$ | 169,982 | \$ 20,482 | \$ 144,443 | \$ 5,927 | \$ 3,880 |

(a) The increase in facility operating lease obligations was due to an extension executed during the period to an existing lease.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are disclosed in the Critical Accounting Policies and Estimates section in Part II, "Item 7. Management's Discussion of our Annual Report on Form 10-K for the year ended September 30, 2024. There have been no significant changes to the Company's critical accounting policies as disclosed in our Annual Report on Form 10-K for the year ended September 30, 2024. For a detailed discussion on the application of accounting policies, refer to [Note 2. Significant Accounting Policies](#).

Goodwill Impairment Testing

The qualitative assessment of goodwill at March 31, 2025 determined a triggering event occurred requiring that we conduct additional quantitative analyses. The triggering event was primarily due to the decrease in the Company's share price during the latter half of the fiscal 2025 second quarter resulting in a decline in market capitalization. Management's assessment was that the market capitalization at the end of the second quarter was not indicative of the Company's fair value.

The Company performed a quantitative assessment to determine its fair value. The quantitative assessment blended multiple methods so as to have a reasonable and complete assessment of fair value. The methods used included both market and income-based approaches with all methods utilizing publicly available information in their respective calculations. Management assessed the relevance and reliability of the information utilized in each method. Significant estimates in the market-based method included identifying similar companies with comparable business factors such as service offerings, customers, size, growth, profitability, risk and return on investment, as well as assessing comparable market multiples in estimating the fair value of the Company. The income-based method is a discounted cash flow analysis and the significant estimates included expected growth rates, profitability and the weighted average cost of capital.

For the market-based methods, the Company used the average market capitalization over the current quarter with the inclusion of a control premium as one estimation of fair value. The other market-based method used publicly available market multiples of relevant publicly traded companies applied to our expected EBITDA and revenue for fiscal 2025 to estimate the Company's fair value. For the income-based method, the Company calculated its expected future cash flows. Those cash flows were then discounted to present value using a weighted average cost of capital. The weighted average of the three assessments indicated that the Company's fair value was greater than its book equity value.

As a result of these quantitative assessments, the Company determined that its goodwill was not impaired at the end of the quarter. Management will continue to evaluate market conditions and perform qualitative interim assessments to determine if a triggering event has occurred. Should a triggering event occur, the Company will perform a quantitative assessment to estimate fair value.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Except as described elsewhere in this report, the Company has not engaged in trading practices in securities or other financial instruments and therefore does not have any material exposure to interest rate risk, foreign currency exchange rate risk, commodity price risk or other similar risks, which might otherwise result from such practices. The Company has limited foreign operations and therefore is not materially subject to fluctuations in foreign exchange rates, commodity prices or other market rates or prices from market sensitive instruments. We have executed a set of floating-to-fixed interest rate swaps with a total notional amount of \$74.0 million at March 31, 2025. The remaining balance of our debt is subject to floating interest rates.

We have determined that a 1.0% increase to SOFR would impact our interest expense by approximately \$0.8 million per year. As of March 31, 2025, the interest rate on the floating interest rate debt was 8.4%.

ITEM 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our CEO and President and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on the evaluation of these controls and procedures, our disclosure controls and procedures were effective at the reasonable assurance level to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) that such information is accumulated and communicated to our management, including our CEO and President and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Our management, including our CEO and President and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can

provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. Our management, however, believes our disclosure controls and procedures are in fact effective to provide reasonable assurance that the objectives of the control system are met.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) identified in connection with the evaluation of our internal controls that occurred during the fiscal quarter ended March 31, 2025, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

As a commercial enterprise and employer, the Company is subject to various claims and legal actions in the ordinary course of business. These matters can include professional liability, workers' compensation, tax, payroll and employee-related matters, other commercial disputes arising in the course of its business, and inquiries and investigations by governmental agencies regarding our employment practices or other matters. The Company is not aware of any pending or threatened litigation that it believes is reasonably likely to have a material adverse effect on its results of operations, financial position or cash flows.

ITEM 1A: RISK FACTORS

Our operating results and financial condition have varied in the past and may in the future vary significantly depending on a number of factors. In addition to the other information set forth in this report, you should carefully consider the factors discussed in the "Risk Factors" section in our Annual Report on Form 10-K for the year ended September 30, 2024 and in our other reports filed with the SEC concerning the risks associated with our business, financial condition and results of operations. These factors, among others, could materially and adversely affect our business, results of operations, financial condition or liquidity and cause our actual results to differ materially from those contained in statements made in this report and presented elsewhere by management from time to time. The risks we have identified in our reports are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial may also materially adversely affect our business, results of operations, financial condition or liquidity. See Item 1A, Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. We believe that there have been no material changes from the risk factors described in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the period covered by this report, the Company did not issue any securities that were not registered under the Securities Act of 1933, as amended, except as has been reported in previous filings with the SEC or as set forth elsewhere herein.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

(a) None

(b) None

(c) During the three months ended March 31, 2025, no director or officer of the Company adopted or terminated a "rule 10b5-1 trading arrangement" or "non-rule 10b5-1 trading arrangement," as each term is defined in Item 408 (a) of Regulation S-K.

ITEM 6: EXHIBITS

Exhibits to this report which have previously been filed with the Commission are incorporated by reference to the document referenced in the following table. The exhibits designated with a number sign (#) indicate a management contract or compensation plan or arrangement.

| Exhibit Number | | Exhibit Description | Incorporated by Reference | | | Filed Herewith |
|---|---|--|---------------------------|------------------|---------------|-------------------|
| | | | Form | Dated | Exhibit | |
| 10.1 | * | 2025 Equity Incentive Plan | DEF 14A | January 28, 2025 | Appendix A | |
| 10.2 | * | Form of Stock Option Award under 2025 Equity Incentive Plan | | | | X |
| 10.3 | * | Form of Restricted Stock Unit Agreement for Directors under the 2025 Equity Incentive Plan. | | | | X |
| 10.4 | * | Form of Time-Based Restricted Stock Unit Agreement under the 2025 Equity Incentive Plan. | | | | X |
| 10.5 | * | Form of Performance-Based Restricted Stock Unit Agreement under the 2025 Equity Incentive Plan. | | | | X |
| 31.1 | | Certification of Chief Executive Officer pursuant to Section 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a) | | | | X |
| 31.2 | | Certification of Chief Financial Officer pursuant to Section 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a) | | | | X |
| 32 | | Certification of Chief Executive Officer and Chief Financial Officer pursuant to 17 CFR 240.13a-14(b) or 17 CFR 240.15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code | | | | X |
| 101.0 | | The following financial information from the DLH Holdings Corp. Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2025, formatted in iXBRL (Inline eXtensible Business Reporting Language) and filed electronically herewith: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Cash Flows; and, (iv) the Notes to the Consolidated Financial Statements. | | | | X |
| 104.0 | | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | | | | |
| <ul style="list-style-type: none"> Management contract or compensatory agreement | | | | | | |

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized

DLH HOLDINGS CORP.

By: /s/ Kathryn M. JohnBull
Kathryn M. JohnBull
Chief Financial Officer
(On behalf of the Registrant and as
Principal Financial and Accounting Officer)

Dated: May 08, 2025

DLH HOLDINGS CORP.
EMPLOYEE STOCK OPTION CERTIFICATE
AND AGREEMENT

Date of Grant:**Option No.:****Name of Optionee:****Number of Shares:****Exercise Price Per Share:****Expiration Date:**

Effective on the date of grant specified above, DLH HOLDINGS CORP. (the “Company”) has granted to the above-named Optionee under the Company’s 2025 Equity Incentive Plan (the “Plan”), an option to purchase from the Company the number of shares of Common Stock of the Company set forth above (the “Option”). This Option is subject to all the terms and conditions of the Plan which is incorporated in this option as though set forth in full.

The terms and conditions of this Option are as follows:

1. Number and Price of Options. The number and price of the shares subject to this Option shall be the number and price set forth above, subject to any adjustments which may be made under Section 11 below.

2. Vesting and Exercisability. This Option may not be exercised until it is vested. This Option may be exercised to purchase the shares of Common Stock covered by this Option (the “Shares”) in accordance with the provisions of this Section 2.

(a) With respect to the Shares covered by this Option, and provided Optionee is an employee of the Company on each vesting date, and unless otherwise provided by this Option Agreement, this Option may be exercised to purchase the Shares as follows:

(i) _____; and

(ii) _____.

(b) For the purpose of determining the closing price of the Company’s Common Stock, the closing price of a share of the Company’s Common Stock shall mean (A) if the Common Stock is traded on a national securities exchange, including on the Nasdaq Stock Market (“Nasdaq”), the per share closing price of the Common Stock shall be the reported closing price the principal securities exchange on which they are listed on the date of determination (or if there is no closing price for such date of determination, then the last preceding business day on which there was a closing price); or (B) if the Common Stock is traded in the over-the-counter market but bid quotations are not published on Nasdaq, the per share closing price of the Common Stock shall be the closing bid price per share for the Common Stock as furnished by a broker-dealer which regularly furnishes price quotations for the Common Stock on the date of determination (or if there is no closing price for such date of determination, then the last preceding business day on which there was a closing price).

(c) This Option expires at 5:00 p.m. (eastern standard time) on the Expiration Date (the “Expiration Time”) as stated above whether or not it has been duly exercised, unless sooner terminated as provided below. This Option may also terminate sooner, as provided below, if your employment is terminated for any reason. This Option shall terminate and no Shares may be purchased after the Expiration Time.

3. **Acceptance of Option Agreement.** Your acceptance of this Option Agreement will indicate your acceptance of and your agreement to be bound by its terms and the terms of the Plan. It imposes no obligation upon you to purchase any of the shares subject to the Option. Your obligation to purchase Shares can arise only upon your exercise of the Option in the manner set forth herein. This stock Option Agreement shall be subject in all respects to the terms and conditions of the Plan and in the event of any question or controversy relating to the terms of the Plan, the decision of the Board of Directors shall be final.

4. **Condition of Employment.** Except as provided in Section 9, this Option may not be exercised unless the Optionee is employed by the Company or one of its parent or subsidiary corporations on the date of such exercise and shall have been an employee continuously since the date of grant.

5. **Exercise Procedure.** This Option is exercisable by a written notice signed by you and delivered to the Company at its executive offices, signifying your election to exercise the Option. A form of the notice is attached to this Option Certificate. The notice must state the number of shares of Common Stock for which your Option is being exercised and must be accompanied by the full purchase price of the shares being purchased. Payment shall be either (i) in cash, or by certified or bank cashier’s check payable to the order of the Company, free from all collection charges; (ii) by delivery of shares of Common Stock of the Company already owned by the Optionee for at least six months prior to the date of exercise, which Common Stock shall be valued at Fair Market Value on the date of exercise; (iii) through the surrender of shares of Common Stock then issuable upon exercise of this Option having a Fair Market Value on the date of the exercise of the Option equal to the aggregate Exercise Price of the exercised portion of the Option; or (iv) by a combination of the methods of payment specified in clauses (i) through (iii) above.

For these purposes, the Fair Market Value per share of Common Stock shall be: (i) if the Common Stock is traded on a national securities exchange or on the Nasdaq Stock Market System (“Nasdaq”), the per share closing price of the Common Stock on the principal securities exchange on which they are listed or on Nasdaq, as the case may be, on the date of exercise (or if there is no closing price for such date of exercise, then the last preceding business day on which there was a closing price); or (ii) if the Common Stock is traded in the over-the-counter market and quotations are published on an inter-dealer quotation system (but not on Nasdaq), the closing bid price of the Common Stock on the date of exercise as reported by thereon (or if there are no closing bid prices for such date of exercise, then the last preceding business day on which there was a closing bid price); or (iii) if the Common Stock is traded in the over-the-counter market but bid quotations are not published on an inter-dealer quotation system, the closing bid price per share for the Common Stock as furnished by a broker-dealer which regularly furnishes price quotations for the Common Stock.

If notice of the exercise of this Option is given by the person or persons other than you, the Company may require, as a condition to the exercise of this Option, the submission to the Company of appropriate proof of the right of such person or person to exercise this Option.

6. **Issuance of Shares.** Certificate for the Shares purchased will be issued as soon as practicable. The Company, however, shall not be required to issue or deliver a certificate for any shares

Exhibit 10.2

until it has complied with all requirements of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, any stock exchange on which the Company's Common Stock may then be listed and all applicable state laws in connection with the issuance or sale of such Shares or the listing of such Shares.

7. **No Rights Until Exercise.** Until the issuance of the certificate for the Shares, you or such other person as may be entitled to exercise this Option, shall have none of the rights of a stockholder with respect to shares issuable upon exercise of this Option.

8. **Transferability.** This Option is personal to the Optionee and during the Optionee's lifetime may be exercised only by the Optionee. This Option shall not be transferable other than by will or the laws of descent and distribution, and as may be permitted under the Internal Revenue Code, the federal securities laws and the rules and regulations promulgated thereunder. If notice of the exercise of this Option is given by the person or persons other than you, the Company may require, as a condition to the exercise of this Option, the submission to the Company of appropriate proof of the right of such person or person to exercise this Option.

9. **Termination of Employment.** In the event that the Optionee ceases to be an employee of the Company or of any subsidiary, this Option shall terminate in accordance with the terms of the Plan. In the event that the Option holder ceases to be an employee of the Company or of any subsidiary for any reason other than permanent disability (as determined by the Board of Directors, or a committee of the Board) or death, this Option shall automatically terminate. Notwithstanding the foregoing, however, upon the termination of employment the Optionee shall continue to have the right to exercise any unexercised portion of this Option, which was otherwise exercisable on the date of termination, for a period of three months from the date on which the Optionee ceased to be so employed, but in no event after the Expiration Time, unless the termination of Optionee's employment was determined to be for "Cause" (as defined in the Plan), in which event this Option will terminate on the date that the Optionee ceases to be an employee of the Company or a subsidiary. In the event of the death of Optionee during this three-month period, this Option shall be exercisable by his or her personal representatives, heirs or legatees to the same extent that the Optionee could have exercised this Option if he or she had not died, for three months from the date of death, but in no event after the Expiration Time. In the event the Optionee's employment is terminated due to his or her death or permanent disability, this Option shall remain exercisable, solely to the extent vested as of the date of the termination of employment, for such period of time as provided for in the Plan, but in no event after the Expiration Time. In the event of the death of the Optionee during the one-year period after the date of permanent disability of the Optionee, that portion of the Option which was exercisable shall be exercisable by his or her personal representatives, heir or legatees at any time prior to the expiration of one year from the date of the death of Optionee, but in no event after the Expiration Time.

10. **Not an Employment Agreement.** This Option does not confer on the Optionee any right to continue in the employ of the Company or interfere in any way with the right of the Company to determine the terms of the Optionee's employment.

11. **Corporate Transactions and Change in Control.** In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering, or any other change in the corporate structure or stock of the Company, the Board shall make such adjustments, if any, as it deems appropriate in the number and kind of shares covered by this Option, or in the exercise price of this Option, or both. Notwithstanding any provision to the contrary, the Committee or the Board may cancel, amend, alter or supplement any term or provision of this Option to avoid the penalty provisions of Section 4999 of the Code. In the event of a merger of one or more corporations with

and into Company or any consolidation of the Company and one or more corporations, or any other Change in Control (as defined in the Plan), the treatment of this Option will be subject in all respects to the terms and conditions of the Plan, including provisions which set forth the ability of the Company to determine the rights of the Optionee with respect to this Option.

12. Capital Adjustments. The existence of the Option shall not affect in any way the right or power of Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in Company's capital structure or its business, or any merger or consolidation of Company or any issue of bonds, debentures, preferred stock having a preference to or affecting Company's common stock or of any rights thereof, or the issuance of any securities convertible into any such common stock or of any rights, options, or warrants to purchase any common stock, or the dissolution or liquidation of Company, any sale or transfer of all or any part of its assets or business, or any other act or proceeding of Company, whether of a similar character or otherwise. The securities with respect to which the Option is granted are shares of common stock of the Company as presently constituted, but if and whenever, prior to the delivery by Company of all the shares with respect to which the Option is granted, the Company shall effect a subdivision or consolidation of shares of its common stock or other capital readjustment, the payment of a stock dividend, or other increase or reduction of the number of shares of such common stock outstanding, the number of shares subject to the Option and the applicable Exercise Price shall be adjusted as provided for in the Plan.

13. Securities Law Compliance. This Option shall be subject to the requirement that if at any time the Board shall determine that the registration, listing or qualification of the shares covered hereby upon any securities exchange or under any federal or state law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the granting of this Option or the purchase of the shares, this Option may not be exercised unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The Board may require that the person exercising this Option shall make such representations and agreements and furnish such information as it deems appropriate to assure compliance with the foregoing or any other applicable legal requirements.

14. Tax Matters. To the maximum extent permissible under the Code, this Option is intended to qualify for "incentive stock option" treatment under the provisions of Section 422 of the Code. It is understood and acknowledged by Optionee, however, that all of the options represented by this Option Certificate may not qualify as Incentive Stock Options. You are therefore urged to consult with your individual tax advisor prior to exercising this Option since the exercise of this Option may result in adverse tax consequences including the payment of additional federal and/or state income taxes.

15. Withholding Tax. The Company shall have the power and the right to deduct or withhold, or require a Optionee to remit to the Company as a condition precedent for the fulfillment of any option exercise, an amount sufficient to satisfy Federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Option. Whenever Shares are to be issued or cash paid to an Optionee upon exercise of an option, the Company shall have the right to require the Optionee to remit to the Company, as a condition of exercise of the Option, an amount sufficient to satisfy federal, state and local withholding tax requirements at the time of exercise. However, notwithstanding the foregoing, to the extent that a Optionee is an insider (as determined by the Board of Directors), satisfaction of withholding requirements by having the Company withhold Shares may only be made to the extent that such withholding of Shares (1) has met the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act, or (2) is a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act.

16. Notices. All notices hereunder to the Company shall be delivered or mailed to the following address:

DLH HOLDINGS CORP.
3565 Piedmont Road, NE
Building 3, Suite 700
Atlanta, GA 30305
Attention: Chief Financial Officer

Such address for the service of notices may be changed at any time provided notice of such change is furnished in advance to the Optionee.

17. Governing Law. This Agreement is granted and delivered in the State of New Jersey and is intended to be construed and enforced under the laws thereof. The Holder submits to the exclusive jurisdiction and venue of the federal or state courts of New Jersey, to resolve any and all issues that may arise out of or relate to this Option Agreement.

18. Certain Definitions. Capitalized terms used herein, to the extent not defined in this Stock Option Agreement shall have the meanings ascribed to such term in the Plan.

Signature page follows.

19. General Provisions. This Option constitutes the entire agreement of the parties and supersede all prior undertakings and agreements with respect to the subject matter hereof. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included. No fractional shares of Common Stock shall be issued or delivered pursuant to this Option. The Company shall determine whether cash or other property shall be issued or paid in lieu of fractional shares of Common Stock or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

DLH HOLDINGS CORP.

By: _____
Name:
Title: Chief Executive Officer

Attest:

Name:
Title: Chief Financial Officer

ACKNOWLEDGMENT

The Optionee acknowledges receipt of a copy of DLH Holdings Corp.'s 2025 Equity Incentive Plan (the "Plan"), and represents that he or she has read and is familiar with the terms and provisions thereof and hereby accepts this Option subject to all of the terms and provisions of the Option Agreement and the Plan. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board or the Committee upon any questions arising under the Plan.

Date: _____,

Signature of Optionee

Name of Optionee

Address

City, State, Zip Code

OPTION EXERCISE FORM

TO: DLH Holdings Corp.
3565 Piedmont Road, NE, Building 3, Suite 700
Atlanta, GA 30305
Attn: Chief Financial Officer

Ladies/Gentlemen:

I irrevocably elect to exercise my right to purchase _____ shares of Common Stock of DLH Holdings Corp. (the "Company") covered by this Option Agreement and make full payment of the Exercise Price of such shares as follows (PLEASE CHOOSE FORM OF PAYMENT).

☐ **Cash Purchase.** I hereby elect to pay the exercise price in cash and enclose a CERTIFIED CHECK (or has wired payment) in the amount of \$ _____.

☐ **Cashless Exercise.** I have enclosed _____ shares of Common Stock of DLH Holdings Corp. in accordance with the Option Agreement. I represent that I have owned the shares being delivered for at least six months prior to the date of exercise.

☐ **Net Exercise.** I hereby authorize and instruct the Company to deduct a total of _____ shares of Common Stock issuable upon exercise of this Option which has a Fair Market Value on the date of the exercise of this Option equal to the aggregate Exercise Price of the exercised portion of this Option.

☐ **Combination of Methods.** I elect to pay the exercise price through a combination of the methods set forth above, as indicated by my selection of such options.

I understand and agree that DLH Holdings Corp. shall have the power and the right to deduct or withhold, or require me to remit to DLH Holdings Corp. as a condition precedent for the fulfillment of any option exercise, an amount sufficient to satisfy Federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this option. Further, I acknowledge that DLH Holdings Corp. shall have the right to require me to remit to DLH Holdings Corp., as a condition of exercise of the option, an amount sufficient to satisfy federal, state and local withholding tax requirements at the time of exercise. However, notwithstanding the foregoing, to the extent that a Optionee is an insider (as determined by the Board of Directors), satisfaction of withholding requirements by having DLH Holdings Corp. withhold Shares may only be made to the extent that such withholding of Shares (1) has met the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act, or (2) is a subsequent transaction the terms of which were provided for in a transaction initially meeting the requirements of an exemption under Rule 16b-3 promulgated under the Exchange Act. Further, I agree to promptly notify DLH Holdings Corp. of the sale of any of the shares I received upon exercise of this option during the one-year period commencing on the date I receive the certificate for the shares.

Kindly deliver to me a certificate representing the shares as follows:

INSTRUCTIONS FOR DELIVERY

Name: _____
(please typewrite or print in block letters)

Address: _____

Dated: _____

Signature: _____

DLH HOLDINGS CORP.
NOTICE OF GRANT OF RESTRICTED STOCK UNITS FOR NON-EMPLOYEE DIRECTORS

The Grantee has been granted an award of Restricted Stock Units (the “*Award*”) pursuant to the DLH Holdings Corp. 2025 Equity Incentive Plan, as may be amended from time to time (the “*Plan*”), representing the right to receive on the Settlement Date (described below) one (1) share of common stock of DLH Holdings Corp., par value \$0.001 per share, for each Restricted Stock Unit (a “*RSU*”), as follows:

Grantee: _____

Grant Date:

Number of Restricted Stock Units: _____ subject to adjustment as provided by the Restricted Stock Unit Agreement.

Vesting Schedule: Except as set forth in the Restricted Stock Unit Agreement annexed hereto, subject to the Grantee’s continued service as a member of the Board of Directors of the Company through the vesting date (as defined below), one hundred percent (100%) of the RSUs shall vest on September 30, 20__ (the “Vesting Date”).

By its signature below, the Grantee agrees that the Award is governed by this Notice of Grant of Restricted Stock Units and by the provisions of the Plan and the Restricted Stock Unit Agreement, both of which are made a part of this document. The Grantee represents that he or she has read and is familiar with the provisions of the Plan and Restricted Stock Unit Agreement, and hereby accepts the Award subject to all of their respective terms and conditions. By its signature below, the Grantee also acknowledges that there may be tax consequences to it upon the vesting of the RSU, the settlement of the RSU, and/or the disposition of the underlying shares, and that the Grantee has been advised to consult a tax advisor prior to acceptance of this grant.

DLH HOLDINGS CORP.

GRANTEE:

By: _____

Name:

Title: Chief Financial Officer

Signature _____

Date:

Attachments:

2025 Equity Incentive Plan
Restricted Stock Unit Agreement

DLH HOLDINGS CORP.
RESTRICTED STOCK UNIT AGREEMENT
FOR NON-EMPLOYEE DIRECTORS

DLH Holdings Corp. has granted to the Grantee named in the *Notice of Grant of Restricted Stock Units* (the “**Grant Notice**”) to which this Restricted Stock Unit Agreement (this “**Agreement**”) is attached an Award consisting of Restricted Stock Units (the “**RSUs**”) subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant to and shall in all respects be subject to the terms and conditions of the DLH Holdings Corp. 2025 Equity Incentive Plan, as may be amended from time to time (the “**Plan**”), the provisions of which are incorporated herein by reference. By signing the Grant Notice, the Grantee: (a) acknowledges receipt of and represents that the Grantee has read and is familiar with the Grant Notice, this Agreement, the Plan and a prospectus for the Plan prepared in connection with the registration with the Securities and Exchange Commission of the shares issuable pursuant to the Award and (b) accepts the Award subject to all of the terms and conditions of the Grant Notice, this Agreement and the Plan.

1. DEFINITIONS AND CONSTRUCTION.

1.1 Definitions. Unless otherwise defined herein, capitalized terms shall have the meanings assigned in the Grant Notice or the Plan. The term “**Company**” shall mean DLH Holdings Corp., a New Jersey corporation, and any successor company (or a subsidiary or parent thereof).

1.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

2. ADMINISTRATION.

All questions of interpretation concerning the Grant Notice, this Agreement and the Plan shall be determined by the Management Resources and Compensation Committee of the Board of Directors of the DLH Holdings Corp. (the “**Committee**”) or the Board of Directors of the Company (the “**Board**”). All determinations by the Committee shall be final and binding upon all persons having an interest in the Award as provided by the Plan. In the event of any conflict between the terms of the Plan and the terms of this Agreement, the terms and provisions of the Plan shall govern. No member of the Committee shall be personally liable for any action determination or interpretation made in good faith with respect to the Plan or the RSUs. In its absolute discretion, the Board of Directors may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

3. THE AWARD.

3.1 Grant of RSUs. Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Committee hereby grants to the Grantee on the Grant Date the number of RSUs set forth in the Grant Notice, subject to adjustment as provided in Section 8. Each RSU represents a right to receive one (1) share of Common Stock of the Company (the “**Shares**”) on the date determined in accordance with the Grant Notice and this Agreement, provided the vesting conditions of the Award are satisfied.

3.2 No Monetary Payment Required. The Grantee is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the RSUs or Shares issued upon settlement of the RSUs, the consideration for which shall be past services actually rendered

and/or future services to be rendered to the Company or for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Grantee shall furnish consideration in the form of cash or past services rendered to the Company or for its benefit having a value not less than the par value of the Shares issued upon settlement of the RSUs.

4. VESTING AND SETTLEMENT.

4.1 Vesting. The RSUs shall vest as provided in the Vesting Schedule in the Grant Notice, subject to the Grantee's continued service as a member of the Board through each applicable Vesting Date, except as otherwise set forth in this Agreement or expressly provided for in a separate written agreement between the Company and the Grantee. All vested amounts shall be paid by the Company in whole Shares, on a one-for-one basis for each RSU in accordance with the provisions of this Agreement.

4.2 Issuance of Shares. Subject to the provisions of this Section 4 and Section 6 below, as soon as administratively practicable after each applicable Vesting Date, but in no event later than sixty (60) days following each Vesting Date, the Company shall cause to be issued to the Grantee one Share of Common Stock for each RSU that has vested on such Vesting Date. The date of any such transfer shall be the settlement date for purposes of this Agreement. No Shares will be delivered pursuant to this Award unless and until all legal requirements applicable to the issuance or transfer of such Shares have been complied with to the satisfaction of the Company. Subject to the foregoing provisions, Shares issued in settlement of the RSUs shall be made as promptly as administratively practicable following each Vesting Date in accordance with this Agreement and the sole discretion of the Committee (or its designees), either through the issuance to the Grantee (or to the executors or administrators of Grantee's estate in the event of the Grantee's death) of a stock certificate or evidence such Shares have been registered in book entry form in the name of the Grantee with the Company's stock transfer agent for a number of Shares equal to the number of vested RSUs. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of payment of any Restricted Stock Units payable under this Award Agreement. The Shares issued upon the settlement of the RSUs shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 6, the Company's insider trading policies, any federal, state or foreign law, or any contractual obligation to which the Grantee is subject (such as a "lock-up" or "market stand-off" agreement). The Company shall not be required to issue fractional Shares upon the settlement of the RSUs and the Committee shall, in its discretion, determine an equivalent benefit for any fractional shares that might be created upon the settlement of the RSUs.

4.3 Accelerated Vesting.

(a) *Generally.* Except as provided herein, if Grantee's service as a member of the Board terminates, then any RSUs that have not vested as of the date of such termination shall terminate as of such date, and such unvested RSUs shall be forfeited to the Company without payment therefor.

(b) *Death or Disability.* If Grantee's service as a member of the Board terminates on account of death or Disability, the Grantee shall become vested in all of the RSUs subject to this Agreement. For purposes of this Agreement, "Disability" means the Grantee's becoming disabled within the meaning of Section 22(e)(3) of the Code. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate.

(c) *Acceleration of Vesting Upon Change in Control.* Upon the occurrence of a Change in Control, as defined in the Plan, the RSUs shall, to the extent outstanding, vest in full.

5. FORFEITURE.

5.1 Forfeiture of Restricted Stock Units. If Grantee's service as a member of the Board terminates for any reason, the Grantee shall forfeit all rights with respect to any portion of the Award (and the underlying shares of Common Stock) that has not yet vested as of the effective date of the termination, except to the extent such Award vests upon such termination in accordance with Section 4.3 of this Agreement.

6. APPLICABLE RESTRICTIONS.

6.1 Restrictions on Grant of the Award and Issuance of Shares. The grant of the Award and issuance of Shares upon settlement of the RSUs shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. If the issuance of Shares upon settlement of the RSUs would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed, then no such Shares may be issued unless and until all such laws, regulations and stock exchange requirements have been satisfied in full. As a condition to the settlement of the Award, the Company may require the Grantee to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

7. TAX CONSEQUENCES.

7.1 In General. The Grantee acknowledges that the Company has not advised the Grantee regarding the Grantee's income tax liability in connection with the grant or vesting of the RSUs and the delivery of Shares in connection therewith. The Grantee has reviewed with the Grantee's own tax advisors the federal, state, and local and tax consequences of the grant and vesting of the RSUs and the delivery of Shares in connection therewith as contemplated by this Award. The Grantee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Grantee understands that the Grantee (and not the Company) shall be responsible for the Grantee's own tax liability that may arise as a result of the transactions contemplated by this Award.

7.2 Payment of Tax Withholding. Regardless of any action the Company takes with respect to any or all federal, state, or local income tax, social insurance, payroll tax, payment on account or other tax-related withholding regarding the Award ("***Tax-Related Items***"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the vesting or payment of the Award, the subsequent sale of Shares acquired pursuant to the payment of Shares under the Award and the receipt of any dividends; and (ii) does not commit to structure the terms of the Award to reduce or eliminate your liability for Tax-Related Items. You hereby authorize the Company to withhold all applicable Tax-Related Items legally payable by you from your wages or other cash compensation paid to you by the Company, or from payment otherwise owed to you under this Award. Alternatively, or in addition, if permissible under local law and expressly authorized by the Committee, the Company may (i) sell or arrange for the sale of Shares that you acquire to meet the withholding obligation for Tax-Related Items, and/or (ii) withhold Shares, provided that the Company only withholds the amount of Shares necessary to satisfy the minimum withholding amount (based on the fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable minimum statutory withholding rates). Finally, you shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of your participation in the Plan that cannot be satisfied by the means previously

described. The Company may refuse to deliver any Shares if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section.

7.3 Application of Section 409A of the Code. This Award is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “**Code**”) and shall in all respects be administered in accordance with Section 409A of the Code. In no event shall the Grantee, directly or indirectly, designate the calendar year of distribution. The terms “cease to be employed” or “termination of employment,” or words of similar import, as used herein, for purposes of any payments that are payments of deferred compensation subject to Section 409A of the Code, shall mean “separation from service” as defined in Section 409A of the Code. To the extent any payment or settlement that is a payment of deferred compensation subject to Section 409A of the Code is contingent upon a “change in control,” such payment or settlement shall only occur if the event giving rise to the change in control would also constitute a change in ownership or effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company, within the meaning of Section 409A of the Code. The vesting of the Award shall not be affected by the preceding sentence. In the event that this Award fails to satisfy the requirements of Section 409A of the Code (and the applicable Treasury regulations promulgated thereunder) and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if you are a “specified employee” (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any Shares that would otherwise be made upon the date of the separation from service or within the first six months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six months and one day after the date of the separation from service (or, if earlier, within 15 days after your death), with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on you in respect of the shares under Section 409A of the Code. This Award may be amended without the consent of the Grantee in any respect deemed in good-faith by the Board or the Committee to be necessary in order to preserve compliance with Section 409A of the Code.

8. ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.

Subject to any required action by the stockholders of the Company and the requirements of Section 409A of the Code to the extent applicable, in the event of any change in the Shares effected by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of Shares, exchange of Shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Shares (excepting normal cash dividends) that has a material effect on the fair market value of Shares, appropriate and proportionate adjustments shall be made in the number of RSUs subject to the Award and/or the number and kind of shares to be issued in settlement of the RSUs, in order to prevent dilution or enlargement of the Grantee’s rights under the Award. Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. Such adjustments shall be determined by the Committee as contemplated by the Plan, and its determination shall be final, binding and conclusive.

9. RIGHTS AS A STOCKHOLDER.

The Grantee shall have no rights as a stockholder with respect to any Shares which may be issued in settlement of the RSUs until the date of the issuance of such Shares (as evidenced by the

appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). RSUs constitute an unfunded and unsecured obligation of the Company. Upon issuance of Shares in connection with the settlement of vested RSUs, the Grantee shall be the record owner of such Shares unless and until such Shares are sold or otherwise disposed of. No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 8 and you shall receive no benefit with respect to any cash dividend, stock dividend or other distribution that does not result from an adjustment as provided in Section 8.

10. NO RIGHT TO CONTINUED SERVICE ON THE BOARD.

Nothing in this Agreement shall be deemed to create any limitation or restriction on or otherwise affect such rights as the Company, the stockholders of the Company, or the Board otherwise would have to remove the Grantee from the Board, to exclude the Grantee from any slate of nominees for election to the Board, or to otherwise terminate the Grantee's service on the Board at any time for any reason.

11. LEGENDS.

The Company may at any time determine to issue certificates representing the Shares issued pursuant to this Agreement rather than issue uncertificated Shares and the Company may at any time place legends referencing any applicable restrictions under federal, state or foreign securities law or required under any contractual obligations (as contemplated under Section 6.1) on all certificates representing Shares issued pursuant to this Agreement. The Grantee shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to settlement of the RSUs in the possession of the Grantee in order to carry out the provisions of this section.

12. MISCELLANEOUS PROVISIONS.

12.1 Termination or Amendment. The Committee may terminate or amend the Plan or this Agreement at any time; provided, however, that no such termination or amendment may adversely affect the Grantee's rights under this Agreement without the consent of the Grantee unless such termination or amendment is necessary to comply with applicable law or government regulation, including, but not limited to, Section 409A of the Code. This Agreement may be modified, amended, suspended or terminated, and any terms or conditions may be waived, but, subject to the terms and conditions of the Plan and this Agreement, only by a written instrument executed by the parties hereto.

12.2 Nontransferability of the Award. Prior to the issuance of Shares on the applicable settlement date, neither the Award, any RSUs subject to the Award, nor any Shares issuable upon settlement, shall be subject in any manner to alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or levy or garnishment by creditors of the Grantee or the Grantee's beneficiaries, except transfer by will or by the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Grantee's lifetime only by the Grantee or the Grantee's guardian or legal representative.

12.3 Further Instruments. The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

12.4 Binding Effect. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Grantee and the Grantee's heirs, executors, administrators, successors and assigns.

12.5 Delivery of Documents and Notices. Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided by the Grantee to the Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address shown below that party's signature to the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

The Plan documents may be delivered to the Grantee electronically. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company. The Grantee acknowledges that the Grantee has read this section and consents to the electronic delivery of the Plan documents and Grant Notice. The Grantee acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Grantee by contacting the Company in writing. The Grantee further acknowledges that the Grantee will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Grantee may revoke his or her consent to the electronic delivery of documents or may change the electronic mail address to which such documents are to be delivered (if Grantee has provided an electronic mail address) at any time by notifying the Company in writing of such revoked consent or revised e-mail address. Finally, the Grantee understands that he or she is not required to consent to electronic delivery of documents.

12.6 Data Privacy. The Grantee acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Section. The Company holds certain personal information about the Grantee, including the Grantee's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in the Grantee's favor, for the purpose of managing and administering the Plan ("**Data**"). The Company and its related entities may transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Grantee's participation in the Plan, and the Company and its related entities may each further transfer Data to any third parties assisting the Company or any such related entity in the implementation, administration and management of the Plan. The Grantee acknowledges that the transferors and transferees of such Data may be located anywhere in the world and hereby authorizes each of them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Grantee's behalf to a broker or to other third party with whom the Grantee may elect to deposit any Shares acquired under the Plan (whether pursuant to the Award or otherwise).

12.7 Integrated Agreement. The Grant Notice, this Agreement and the Plan shall constitute the entire understanding and agreement of the Grantee and the Company with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Grantee and the Company with respect to such subject matter other than those as set forth or provided for herein or therein.

12.8 Applicable Law. This Agreement shall be governed by the laws of the State of New Jersey as such laws are applied to agreements between New Jersey residents entered into and to be performed entirely within the State of New Jersey.

12.9 Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

12.10 Counterparts. The Grant Notice to which this Agreement is attached may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages transmitted by facsimile, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

12.11 Limitation of Rights; No Right to Future Grants. By accepting this Agreement and the grant of the RSUs contemplated hereunder, the Grantee expressly acknowledges that (a) the Plan is discretionary in nature and may be suspended or terminated by the Corporation at any time; (b) the grant of RSUs is a one-time benefit that does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu thereof; (c) all determinations with respect to future grants of RSUs, if any, including the grant date, the number of Shares granted and the restricted period, will be at the sole discretion of the Corporation; (d) the Grantee's participation in the Plan is voluntary; (e) grants of RSUs are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, retirement benefits or similar payments; and (f) the future value of the underlying Shares is unknown and cannot be predicted with certainty.

* * *

This Restricted Stock Unit Agreement will be deemed to be signed by you upon the signing by you of the Restricted Stock Unit Grant Notice to which it is attached.

Time-Based RSU No. 202[]-[]

DLH HOLDINGS CORP.
RESTRICTED STOCK UNIT AWARD AGREEMENT

This Restricted Stock Unit Award Agreement (the “**Agreement**”), dated as of the Grant Date specified in the table below, is between DLH Holdings Corp. (the “**Company**”) and the grantee named in the table below (the “**Grantee**”). The Grantee has been granted an award of Restricted Stock Units (the “**RSUs**” or the “**Award**”) pursuant to the DLH Holdings Corp. 2025 Equity Incentive Plan, as amended from time to time (the “**Plan**”), representing the right to receive on the settlement date (described below) shares of common stock of DLH Holdings Corp., par value \$0.001 per share, subject to the terms and conditions of this Agreement. The Award and this Agreement shall in all respects be subject to the terms and conditions of the Plan, the provisions of which are incorporated herein by reference.

| | |
|------------------------------|---|
| Grantee: | <u>[Grantee Name]</u> |
| Grant Date: | <u>[Grant Date]</u> |
| Total Number of RSUs: | <u>[No. Granted]</u> RSUs, subject to adjustment as provided in this Agreement. |

1. DEFINITIONS.

The following definitions apply under this Agreement:

(a) “**Cause**” shall have the meaning ascribed to such term as set forth in Grantee’s written Compensation Agreement (as defined below); provided, however, that if such term is not defined in such Compensation Agreement, then the term “Cause” shall have the meaning ascribed to such term as is set forth in the Plan.

(b) “**Change in Control**” shall have the meaning ascribed to such term as set forth in a Compensation Agreement between the Company and Grantee; provided, however, that if such term is not defined in such Compensation Agreement, then the term “Change in Control” shall have the meaning ascribed to such term in the Plan.

(c) “**Compensation Agreement**” shall mean a written employment agreement, severance agreement, offer letter or similar compensatory agreement between the Grantee and the Company.

(d) “**Fiscal Year**” means the fiscal year of the Company, which is currently October 1 through September 30.

(e) “**Good Reason**” shall have the meaning ascribed to such term as set forth in Grantee’s written Compensation Agreement; provided, however, that if such term is not defined in such Compensation Agreement, then the term “Good Reason” shall have the meaning ascribed to such term as is set forth in Section 5(e) of this Agreement. Notwithstanding the foregoing, however, to the extent that Grantee’s Compensation Agreement includes a definition of “Good Reason” that permits the Grantee to terminate his or her employment in connection with a Change in Control, the Grantee hereby agrees that such definition is modified to provide that Grantee can only exercise such right if, without Grantee’s consent, either (i) the Grantee ceases to be an “executive officer” (as such term is defined by the Securities

Exchange Act of 1934, as amended); or (ii) the failure by any successor to the Company to expressly assume all obligations of the Company under such Compensation Agreement.

(f) **“Involuntary Termination Without Cause”** means a Termination of Service due to the termination of Grantee’s employment by the Company without Cause.

(g) **“Service Requirement”** means that the Grantee must have been in the continuous employment of the Company (or a subsidiary or Affiliate of the Company) from the Grant Date through each applicable Vesting Date without incurring a Termination of Service.

(h) **“Termination of Service”** means a Termination of Service, as defined in the Plan, of the Grantee from the Company (or a subsidiary or Affiliate of the Company).

(i) **“Vesting Date”** means each date on which a portion of the RSUs become vested in accordance with the Vesting Schedule.

(j) **“Vesting Schedule”** means the schedule set forth in Section 3 of this Agreement indicating the dates on which RSUs vest.

Any capitalized term used herein that is not expressly defined in this Agreement shall have the meaning that such term has under the Plan unless otherwise provided herein.

2. INTERPRETATION AND APPLICABILITY OF AWARD.

(a) This Agreement sets forth the terms and conditions of your RSU Award under the Plan, as determined by the Committee. Additional terms and conditions of this Agreement are contained in the Plan, which is hereby incorporated into and made a part of this Agreement. This Agreement and the rights of the Grantee hereunder are subject to such rules and regulations as the Committee may adopt for administration of the Plan. All questions of interpretation concerning this Agreement and the Plan shall be determined by the Management Resources and Compensation Committee of the Board of Directors of the Company (the **“Committee”**) or the Board of Directors of the Company (the **“Board”**) and the Committee (or Board) is authorized to administer, construe and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Grantee and all persons having an interest in the Award. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

(b) Headings, captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

3. GRANT AND VESTING OF RSUs.

(a) **Grant of RSUs.** Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants to the Grantee on the Grant Date a total of [] RSUs. The Grantee shall be entitled to receive one share of the Company’s Common Stock (the **“Shares”**) for each RSU that vests pursuant to the terms and conditions of this Agreement. The Grantee shall not have any rights as a stockholder including any voting, dividend or other rights or privileges as a stockholder of the Company with respect to any Shares corresponding to the RSUs granted hereby unless and until the Shares are issued to the Grantee in respect thereof. Subject to the terms of Sections 5 and 6, the RSUs granted hereunder are granted on the condition that the Grantee remains an Employee of the Company or its

Subsidiaries from the Date of Grant through (and including) the applicable Vesting Date, as set forth in Section 3(b).

(b) **Vesting.** RSUs shall be initially unvested (the unvested RSUs are referred to in this Agreement as the “**Unvested RSUs**”) and, except as hereinafter provided, the RSUs shall vest in accordance with the Vesting Schedule, provided the Grantee has continued in the employment of the Company or its Subsidiaries through each Vesting Date set forth in the Vesting Schedule.

| <u>Vesting Date</u> | <u>Percentage of RSUs Vesting</u> | <u>Cumulative Percentage of RSUs Vesting</u> |
|---------------------|---------------------------------------|--|
| | | 100% |

4. SETTLEMENT OF RSUs; TRANSFER RESTRICTIONS.

(a) **Settlement of Restricted Stock Units.** Subject to the terms of this Agreement, the Company shall deliver to the Grantee one (1) Share in settlement of each outstanding RSU that has vested as provided in Section 3(b) on the first to occur of (i) the Vesting Date (or within 30 days thereafter), (ii) in the event of a termination of employment or service due to death or Disability, as soon as practicable following the termination of Grantee’s employment or service by reason of death or Disability, (iii) subject to the terms of Section 5(c) of this Agreement and the terms of Grantee’s Compensation Agreement, in the event of a termination of employment or service that is either an Involuntary Termination without Cause or a termination for Good Reason; or (iv) subject to the terms of Section 5(d) and Grantee’s Compensation Agreement, in the event of a Change in Control Termination, within thirty (30) days following the effective date of the Grantee’s Change in Control Termination, in each case in Shares by either, (x) issuing one or more certificates evidencing the Company Common Stock to the Grantee or (y) registering the issuance of the Company Common Stock in the name of the Grantee through a book entry credit in the records of the Company’s transfer agent. Vested RSUs will be paid out solely in the form of Shares.

(b) **Transfer Restrictions.** Neither this Agreement, the RSUs granted hereby, nor any right or interest therein (including an interest in the Shares prior to issuance upon the settlement date) are assignable or transferable, in whole or in part, and may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including without limitation by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution to the estate of the Grantee upon the Grantee’s death; provided that the deceased Grantee’s beneficiary or representative of the Grantee’s estate shall acknowledge and agree in writing, in a form reasonably acceptable to the Company, to be bound by the provisions of this Agreement and the Plan as if such beneficiary or the estate were the Grantee. All rights with respect to the Award shall be exercisable during the Grantee’s lifetime only by the Grantee or the Grantee’s guardian or legal representative.

(c) **Fractional Shares.** No fractional shares or scrip representing fractional shares of Stock shall be issued pursuant to this Agreement. If, upon the issuance of shares of Stock under this Agreement, the Grantee would be entitled to a fractional share of Stock, the number of shares to which the Grantee is entitled shall be rounded down to the next lower whole number.

(d) **Beneficiary.** The Grantee may, from time to time, designate a beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Agreement is to be paid in case of the Grantee’s death before the Grantee has received all benefits to which the Grantee would have been entitled under this Agreement. Each designation of beneficiary shall revoke all prior designations by the Grantee, shall be in a form prescribed by the Committee, and will be effective only when received in

writing by the Committee. The last valid beneficiary designation received shall be controlling; provided, however, that no beneficiary designation, or change or revocation thereof, shall be effective unless received prior to the Grantee's death. If no valid and effective beneficiary designation exists at the time of the Grantee's death, or if no designated beneficiary survives the Grantee, or if the Grantee's beneficiary designation is invalid under the law, any benefit payable hereunder shall be made to the Grantee's surviving spouse, if any, or if there is no such surviving spouse, to the executor or administrator of the Grantee's estate. If the Committee is in doubt as to the right of any person to receive payment of any benefit hereunder, the Committee may direct that the amount of such benefit be paid into a court of competent jurisdiction in an interpleader action, and such payment into court shall fully and completely discharge any liability or obligation of the Company, the Committee, or the Board of Directors under this Agreement.

5. TREATMENT FOLLOWING TERMINATION OF SERVICE.

(a) **Continuous Employment Requirement; Forfeiture.** Except as provided in Sections 5(b) through 5(d), or otherwise determined by the Committee, in order to become vested in (i.e., have the right to receive payment of) RSUs under the terms of this Agreement, the Grantee must have been in the continuous employment of the Company (or a subsidiary or Affiliate of the Company) from the Grant Date through the close of business on the last day of each applicable Vesting Date (or such earlier date on which the RSUs become vested under Sections 5(b) through 5(d)). The Grantee shall not be deemed to be employed by the Company (or a subsidiary or Affiliate of the Company) if the Grantee's employment has been terminated, even if the Grantee is receiving severance in the form of salary continuation through the regular payroll system. If the Grantee's employment with the Company (or a subsidiary or Affiliate of the Company) is terminated prior to the end of the Vesting Period for any reason other than as specified in either Sections 5(b) through 5(d) of this Agreement (including if the Grantee terminates employment with the Company (or a Subsidiary of Affiliate) for any reason other than as set forth in Section 5(c)), the Grantee shall forfeit any RSUs granted under this Agreement that are not vested as of such date and such RSUs shall no longer be eligible to vest.

(b) **Disability or Death.** Notwithstanding any contrary provision in any Compensation Agreement between the Company and Grantee, in the event that the Grantee's employment with the Company is terminated due the Grantee's death or Disability (as defined in the Grantee's Compensation Agreement, or if not defined therein, then in the Plan), all unvested RSUs shall immediately vest.

(c) **Involuntary Termination Without Cause or for Good Reason.** Except in connection with a Change in Control, if the Grantee's employment terminates after the Grant Date due to (A) an Involuntary Termination without Cause or (B) termination for Good Reason, then such RSUs shall become immediately earned and vested as of the date of such termination; subject, however, to the following conditions: (x) the Grantee must execute, deliver and not revoke, no later than sixty (60) days following the termination of employment, a general release of claims if requested by, and in a form satisfactory to, the Company, and (y) the Grantee complies with the requirements of any restrictive covenants contained in its Compensation Agreement. The payment of the amounts which are earned or vest in accordance with this provision shall be made when payment would otherwise have been made following the end of the Vesting Period.

(d) **Change in Control.** Notwithstanding anything in this Agreement to the contrary, if (A) a Change in Control occurs after the first anniversary date of the Grant Date and (B) the Grantee has a Change in Control Termination, then any unvested RSUs shall become immediately earned and vested as of the date of such Change in Control Termination; subject, however, to the following conditions: (x) the Grantee must execute, deliver and not revoke, no later than sixty (60) days following the termination of employment, a general release of claims if requested by, and in a form satisfactory to, the Company, and (y) the Grantee complies with the requirements of any restrictive covenants contained in its Compensation

Agreement. As used herein, a “Change in Control Termination” means that the termination of the Grantee’s employment on or within a period of one hundred and eighty (180) days of a Change in Control if such termination is either (i) an Involuntarily Termination Without Cause or (ii) the Grantee terminates its employment relationship with the Company (or a subsidiary or Affiliate of the Company) for Good Reason.

(e) **Good Reason.** Subject to Section 1(e) of this Agreement, the term “Good Reason” shall mean without the written consent of the Grantee: (a) a material breach of any provision of the Grantee’s Compensation Agreement by the Company; (b) failure by the Company to pay when due a material portion of compensation to the Grantee; (c) a material reduction in the Grantee’s base salary, as determined in its Compensation Agreement; (d) failure by the Company to maintain the Grantee in the positions referred to its Compensation Agreement; (e) assignment to the Grantee of any duties materially and adversely inconsistent with its positions, authority, duties, responsibilities, powers, functions, reporting relationship or any other action by the Company that results in a material diminution of such positions, authority, duties, responsibilities, powers, functions, or reporting relationship; or (f) within 180 days of the date on which a Change of Control event is legally consummated, either of the following events occurs without the written consent of the Employee: (A) the Grantee ceases to serve as an “executive officer” of the Company (as such term is defined by the Securities Exchange Act of 1934) or (B) any successor to the Company does not expressly assume all obligations of the Company under this Agreement. Notwithstanding the foregoing, however, before the Grantee may resign for Good Reason, the Grantee must either (A) comply with any notice and cure procedures specified in its Compensation Agreement or (B) if such Compensation Agreement does not provide for any notice and cure procedures relating to a termination for Good Reason, then Grantee must provide written notice to the Company identifying the applicable event or condition within 120 days of the occurrence of the event or the initial existence of the condition, (ii) the Company fails to remedy the event or condition within a period of 30 days following such notice, and (iii) the Grantee’s termination for Good Reason occurs within 90 days after the date the Company fails to remedy the event or condition.

6. RESTRICTIONS AND ACKNOWLEDGMENTS.

(a) **Restrictions on Issuance and Transfer of Shares; Securities Law Compliance.** The grant of the RSUs and issuance of Shares upon settlement of the RSUs shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities and no Shares shall be issued hereunder until the Company has received all necessary stockholder and regulatory approvals. If the issuance of Shares upon settlement of the RSUs would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed, then no such Shares may be issued unless and until all such laws, regulations and stock exchange requirements have been satisfied. As a condition to the settlement of the Award, the Company may require the Grantee to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company. To the extent applicable, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 under the U. S. Securities and Exchange Act of 1934. Any ambiguities or inconsistencies in the construction of this Agreement or the Plan shall be interpreted to give effect to such intention. However, to the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee in its discretion. Transfer of Shares shall be subject to the Company’s trading policies and any applicable securities laws or regulations governing transferability of shares of the Company. Notwithstanding any other provision of this Agreement, the Grantee may not sell the Shares acquired upon settlement of the RSUs unless such shares are registered under the Securities Act of 1933, as amended (the “Securities Act”), or, if such shares are not then so registered, such sale would be exempt from the registration requirements of the Securities Act. The sale of such Shares must also comply with other applicable laws and regulations

governing the Shares and Grantee may not sell the shares of Company Common Stock if the Company determines that such sale would not be in material compliance with such laws and regulations.

(b) **Adjustments for Changes in Capital Structure.** Subject to any required action by the stockholders of the Company and the requirements of Section 409A of the Code to the extent applicable, in the event of any change in the Shares effected by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of Shares, exchange of Shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Shares (excepting normal cash dividends) that has a material effect on the fair market value of Shares, appropriate and proportionate adjustments shall be made in the number of RSUs subject to the Award and/or the number and kind of shares to be issued in settlement of the RSUs, in order to prevent dilution or enlargement of the Grantee's rights under the Award. Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. Such adjustments shall be determined by the Committee as contemplated by the Plan, and its determination shall be final, binding and conclusive.

(c) **Rights as a Stockholder.** The Grantee shall have no rights as a stockholder with respect to any Shares which may be issued in settlement of the RSUs until the date of the issuance of such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). The RSUs constitute an unfunded and unsecured right to require the Company to deliver to the Grantee the number of Shares, as provided in, and subject to the terms and conditions of, the Plan and this Agreement. Upon issuance of Shares in connection with the settlement of vested RSUs, the Grantee shall be the record owner of such Shares unless and until such Shares are sold or otherwise disposed of. No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 6(b) of this Agreement and you shall receive no benefit with respect to any cash dividend, stock dividend or other distribution that does not result from an adjustment as provided in Section 6(b).

(d) **Legends.** The Company may at any time determine to issue certificates representing the Shares issued pursuant to this Agreement rather than issue uncertificated Shares and the Company may at any time place legends referencing any applicable restrictions under federal, state or foreign securities law or required under any contractual obligations (as contemplated above) on all certificates representing Shares issued pursuant to this Agreement. The Grantee shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to settlement of the RSUs in the possession of the Grantee in order to carry out the provisions of this section.

(e) **Representations of Grantee.** Grantee hereby represents that the execution and delivery by the Grantee of this Agreement, the consummation of the transactions contemplated hereby and the performance of the Grantee's obligations hereunder do not and will not (i) materially conflict with or result in a material violation or breach of any term or provision of any law applicable to either the Grantee or the RSUs or (ii) violate in any material respect, conflict with in any material respect or result in any material breach of, or constitute (with or without notice or lapse of time or both) a material default under, or require either the Grantee to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, any contract, agreement, instrument, commitment, arrangement or understanding to which the Grantee is a party. If any Shares issued in respect of the RSUs are to be disposed of in accordance with Rule 144, the Grantee shall transmit to the Company an executed copy of Form 144 (if required by Rule 144) no later than the time such form is required to be transmitted to the Commission for filing and such other documentation as the Company may reasonably require to assure compliance with Rule 144 in connection with such disposition. The Grantee represents and warrants that, as of the date hereof, the Grantee is an officer, employee, director or Consultant of the Company or a Subsidiary.

7. FORFEITURE OF AWARD AND RIGHT TO PAYMENTS.

(a) **Forfeiture of Award and Right to Payments.** Payments under this Agreement are subject to recovery by the Company to the extent required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the Sarbanes-Oxley Act of 2002, and any regulations promulgated thereunder, including, without limitation, in the following circumstances:

(i) **Forfeiture for Financial Reporting Misconduct.** If the Company is required to prepare an accounting restatement due to material noncompliance by the Company with any financial reporting requirement under the securities laws, with respect to any Grantee who either knowingly or grossly negligently engaged in the misconduct or knowingly or grossly negligently failed to prevent the misconduct as determined by the Committee or is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, such Grantee shall forfeit and disgorge to the Company any award amounts (A) received during the twelve (12)-month period following the filing of the financial document embodying such financial reporting requirement or (B) earned based on the materially non-complying financial reporting.

(ii) **Forfeiture for Other Misconduct.** In addition, in the event that the employment of the Grantee is terminated for Cause, including a breach by the Grantee of any of the restrictive covenants contained in such Grantee's Compensation Agreement, then, in such event, the Grantee shall forfeit all rights to the Award and shall repay to the Company all amounts received by the Grantee with respect to such Awards granted or paid any time after the date of the act giving rise to the Grantee's termination for Cause. In the event that following the Grantee's termination of employment the Company discovers that, during the course of his employment with the Company, the Grantee committed an act that would have given rise to a termination for Cause, then, in such event, the Grantee shall forfeit all remaining rights to the Award.

(iii) **Other Clawback or Compensation Recovery.** Notwithstanding any other provisions in this Agreement to the contrary, the Grantee agrees and acknowledges that any amounts paid or payable to it pursuant to this Agreement which are subject to recoupment or clawback under any applicable law, government regulation, stock exchange listing requirement, or corporate policy adopted by the Board or a committee thereof, including without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and such regulations as may be promulgated thereunder by the Securities and Exchange Commission, shall be subject to such deductions and clawback (recovery) as may be required to be made pursuant to applicable law, government regulation, stock exchange listing requirement or any policy of the Company adopted pursuant to any such law, government regulation, or stock exchange listing requirement. Accordingly, if the Grantee receives any amounts under this Award in excess of the amount that such Grantee should otherwise have received hereunder for any reason, including by reason of a financial restatement, the Grantee shall be required to repay any such excess amount to the Company. Grantee agrees that the provisions of this subsection 7(a)(iii) shall be interpreted in a manner consistent with and to give effect to the provisions of (A) Rule 10D-1 as promulgated by the Securities and Exchange Commission (the "SEC"), (B) Rule 5608 of the Nasdaq Listing Rules, and (C) the Company's compensation recovery policy adopted pursuant to SEC Rule 10D-1 and Nasdaq Listing Rule 5608.

8. MISCELLANEOUS.

(a) **No Restriction on Company Authority.** The grant of the Award to the Grantee pursuant to this Agreement shall not affect in any way the right or power of the Company or its stockholders to make or authorize (i) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, (ii) any merger or consolidation of the Company, (iii) any issue of bonds,

debentures, common stock, preferred stock or securities convertible into or exercisable for shares of the Company's common stock or preferred stock, (iv) the dissolution or liquidation of the Company, (v) any sale or transfer of all or any part of its assets or business, or (vi) any other corporate act or proceeding, whether of a similar character or otherwise.

(b) **No Guaranty of Future Awards.** By entering into this Agreement and accepting this Award, the Grantee acknowledges that: (i) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time, (ii) the Award does not create any contractual or other right to receive future awards of RSU or any type of other awards under the Plan or otherwise; (iii) the Committee (or Board) retains the sole discretion as to whether to grant future awards under the Plan and with respect to any terms and conditions of awards which it may elect to grant; (iv) the Grantee's participation in the Plan is voluntary; (v) grants of Awards are not to be used for calculating any severance, resignation, end of service payments, bonuses, retirement benefits, compensation, earnings or for the purposes of any other benefit plan offered by the Company; and (vi) the future value of the underlying Shares is unknown and cannot be predicted with certainty.

(c) **Obligation Unfunded.** The obligation of the Company with respect to the Award granted hereunder shall be interpreted solely as an unfunded contractual obligation to make payments in the manner and under the conditions prescribed under this Agreement. Any assets set aside with respect to amounts payable under this Agreement shall be subject to the claims of the Company's general creditors, and no person other than the Company shall, by virtue of the provisions of the Plan or this Agreement, have any interest in such assets. Neither the Grantee nor any other person shall have any interest in any particular assets of the Company by reason of the right to receive a benefit under this Agreement, and the Grantee or any such other person shall have only the rights of a general unsecured creditor of the Company with respect to any rights under the Plan or this Agreement. The Grantee acknowledges that neither the Plan nor any Award thereunder is intended to be subject to the Employee Retirement Income and Security Act of 1974, as amended.

(d) **Tax Consequences.** Regardless of any action the Company takes with respect to any or all federal, state, or local income tax, social insurance, payroll tax, payment on account or other tax-related withholding regarding the Award ("**Tax-Related Items**"), Grantee acknowledges and understands that it is responsible for its own tax liabilities that may arise as a result of the transactions contemplated by this Award. Grantee hereby authorizes the Company to withhold all applicable Tax-Related Items legally payable by Grantee from its wages or other cash compensation paid to Grantee by the Company, or from payment otherwise owed to Grantee under this Award. The Grantee may elect, subject to any procedural rules adopted by the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having an aggregate Fair Market Value on the date the tax is to be determined, equal to the minimum amount required by law to be withheld. Further, Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver any Shares if Grantee fails to comply with its obligations in connection with the Tax-Related Items as described in this section. The Grantee acknowledges that the Company has not advised the Grantee regarding the Grantee's income tax liability in connection with the grant or vesting of the RSUs and the delivery of Shares in connection therewith. The Grantee has reviewed with the Grantee's own tax advisors the federal, state, and local and tax consequences of the grant and vesting of the RSUs and the delivery of Shares in connection therewith as contemplated by this Agreement. The Grantee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

(e) **Compliance with Section 409A.** To the extent applicable, it is intended that the Plan and the Agreement comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), if applicable, or an exception thereto, and any related regulations or other guidance

promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service. Accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to comply therewith. In no event shall the Grantee, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Grantee shall not be considered to have terminated employment with the Company for purposes of this Agreement until Grantee would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Grantee's separation from service shall instead be paid on the first business day after the date that is six months following Grantee's separation from service (or death, if earlier). This Agreement may be amended without the consent of the Grantee in any respect deemed in good-faith by the Board or the Committee to be necessary in order to preserve compliance with Section 409A of the Code.

(f) **No Right to Continued Employment.** Nothing in the Plan or this Agreement shall be construed as a contract of employment between the Company (or a subsidiary or Affiliate of the Company) and the Grantee, or as a contractual right of the Grantee to continue in the employ of the Company (or a subsidiary or Affiliate of the Company), or as a limitation of the right of the Company (or a subsidiary or Affiliate of the Company) to discharge the Grantee at any time.

(g) **Governing Law; Arbitration.** This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of New Jersey. Any dispute between the parties hereto arising under or relating to this Agreement shall be resolved in accordance with the procedures of the American Arbitration Association. Any resulting hearing shall be held in the Atlanta, Georgia metropolitan area. The resolution of any dispute achieved through such arbitration shall be binding and enforceable by a court of competent jurisdiction.

(h) **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Grantee and the Grantee's heirs, executors, administrators, successors and permitted assigns. This Agreement shall be assignable by the Company to any corporation, partnership or other entity resulting from the reorganization, merger or consolidation of the Company with any other corporation, partnership or other entity, or any corporation, partnership, or other entity to or with which all or any portion of the Company's business or assets may be sold, exchanged or transferred.

(i) **Notices.** All notices and other communications made or given pursuant to the Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by first class or certified mail, addressed to the Grantee at the address contained in the records of the Company, or addressed to the Committee, care of the Company for the attention of its Secretary at its principal office or, transmitted and received via facsimile or such other electronic transmission mechanism as may be available to the parties. The Grantee agrees that the Plan documents and this Agreement may be delivered to it electronically, including by means of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company. The Grantee acknowledges that the Grantee has read this section and consents to the electronic delivery of the Plan documents and this Agreement. The Grantee acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Grantee by contacting the Company in writing. The Grantee further acknowledges that the Grantee will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Grantee may revoke his or her consent to the electronic delivery of documents or may

change the electronic mail address to which such documents are to be delivered (if Grantee has provided an electronic mail address) at any time by notifying the Company in writing of such revoked consent or revised e-mail address. Finally, the Grantee understands that he or she is not required to consent to electronic delivery of documents.

(j) **Entire Agreement; Modification and Waiver.** This Agreement, together with its exhibits and the Plan, embodies the complete agreement and understanding between the parties with respect to the subject matter hereof and supersedes and preempts any prior written or oral understandings, agreements or representations by or among any of the parties that may relate to the subject matter hereof. This Agreement may be amended at any time by the Committee, provided that no amendment may, without the consent of the Grantee, materially impair the Grantee's rights with respect to the Award. The failure of the Company to enforce at any time any provision of this Agreement will in no way be construed to be a waiver of such provision or of any other provision hereof.

(k) **Conformity with Plan.** This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan, which is incorporated herein by reference. Acceptance of this Agreement constitutes your consent to any action taken under the Plan consistent with its terms with respect to this Award and Grantee's agreement to be bound by the restrictions contained herein and the terms and conditions of the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in the Agreement or any matters as to which the Agreement is silent, the Plan shall govern including, without limitation, the provisions thereof pursuant to which the Committee has the power, among others, to (i) interpret the Plan and agreements related thereto, (ii) prescribe, amend and rescind rules and regulations relating to the Plan, and (iii) make all other determinations deemed necessary or advisable for the administration of the Plan. The Committee or the Board reserves the right to terminate, amend, or modify the Plan in its sole discretion. The Grantee acknowledges by signing this Agreement that it has reviewed a copy of the Plan, any prospectus for the Plan, and this Award Agreement and that it accepts this Award subject to all of its terms and conditions.

(l) **Conflict Between Agreements.** In the event of any conflict or inconsistency between this Agreement and any terms or conditions set forth in any Compensation Agreement between the Grantee and the Company, the terms and conditions set forth in this Agreement shall prevail unless such Compensation Agreement expressly provides that the terms therein shall take precedence over any conflicting provisions in this Agreement.

(m) **Bankruptcy; Dissolution.** Awards granted under this Agreement shall be of no further force or effect and forfeited in the event that the Company is placed under the jurisdiction of a bankruptcy court, or is dissolved or liquidated.

(n) **Severability.** Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such decision and shall continue in full force in accordance with their terms.

(o) **Execution; Counterparts.** This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page was an original thereof.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Grantee has hereunto set his or her hand, on the date(s) written below.

DLH HOLDINGS CORP.

Name:

Title: Chair, Management Resources and Compensation Committee

Date: [] ____, 20[]

GRANTEE

Name:

Date:

Attachment: 2025 Equity Incentive Plan.

Performance RSU No. 202[]-[]

DLH HOLDINGS CORP.

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

This Performance-Based Restricted Stock Unit Award Agreement (the “**Agreement**”), dated as of the Grant Date specified in the table below, is between DLH Holdings Corp. (the “**Company**”) and the grantee named in the table below (the “**Grantee**”). The Grantee has been granted an award of Performance-Based Restricted Stock Units (the “**Performance RSUs**” or the “**Performance Award**”) pursuant to the DLH Holdings Corp. 2025 Equity Incentive Plan, as amended from time to time (the “**Plan**”), representing the right to receive on the settlement date (described below) shares of common stock of DLH Holdings Corp., par value \$0.001 per share, subject to the terms and conditions of this Agreement. The Performance Award and this Agreement shall in all respects be subject to the terms and conditions of the Plan, the provisions of which are incorporated herein by reference.

| | |
|---|---|
| Grantee: | <u>[Grantee Name]</u> |
| Grant Date: | <u>[Grant Date]</u> |
| Total Target Number of Performance RSUs: | <u>[No. Granted]</u> Performance RSUs, subject to adjustment as provided in this Agreement. |
| Performance Period: | October 1, 20__ through September 30, 20__ |
| Performance Goals: | i. [] Target: As provided in <u>Section 3(c)</u> ii. [] Target: As provided in <u>Section 3(c)</u> |

1. DEFINITIONS.

The following definitions apply under this Agreement:

(a) “**Cause**” shall have the meaning ascribed to such term as set forth in Grantee’s written Compensation Agreement (as defined below); provided, however, that if such term is not defined in such Compensation Agreement, then the term “Cause” shall have the meaning ascribed to such term as is set forth in the Plan.

(b) “**Change in Control**” shall have the meaning ascribed to such term as set forth in a Compensation Agreement between the Company and Grantee; provided, however, that if such term is not defined in such Compensation Agreement, then the term “Change in Control” shall have the meaning ascribed to such term in the Plan.

(c) “**Compensation Agreement**” shall mean a written employment agreement, severance agreement, offer letter or similar compensatory agreement between the Grantee and the Company.

(d) “**Fiscal Year**” means the fiscal year of the Company, which is currently October 1 through September 30.

(e) “**Good Reason**” shall have the meaning ascribed to such term as set forth in Grantee’s written Compensation Agreement; provided, however, that if such term is not defined in such Compensation Agreement, then the term “Good Reason” shall have the meaning ascribed to such term as is set forth in Section 5(e) of this Agreement. Notwithstanding the foregoing, however, to the extent that Grantee’s Compensation Agreement includes a definition of “Good Reason” that permits the Grantee to

terminate his or her employment in connection with a Change in Control, the Grantee hereby agrees that such definition is modified to provide that Grantee can only exercise such right if, without Grantee's consent, either (i) the Grantee ceases to be an "executive officer" (as such term is defined by the Securities Exchange Act of 1934, as amended); or (ii) the failure by any successor to the Company to expressly assume all obligations of the Company under such Compensation Agreement.

(f) **"Involuntary Termination Without Cause"** means a Termination of Service due to the termination of Grantee's employment by the Company without Cause.

(g) **"Performance Period"** shall have the meaning ascribed to such term as set forth in Section 3(b) of this Agreement.

(h) **"Performance Goals"** shall mean the [] Target and [] Target as detailed in Section 3(c) of this Agreement.

(i) **"Service Requirement"** means that the Grantee must have been in the continuous employment of the Company (or a subsidiary or Affiliate of the Company) from the Grant Date through the end of the Performance Period without incurring a Termination of Service.

(j) **"Termination of Service"** means a Termination of Service, as defined in the Plan, of the Grantee from the Company (or a subsidiary or Affiliate of the Company).

Any capitalized term used herein that is not expressly defined in this Agreement shall have the meaning that such term has under the Plan unless otherwise provided herein.

2. INTERPRETATION AND APPLICABILITY OF PERFORMANCE AWARD.

This Agreement sets forth the terms and conditions of your Performance Award under the Plan, as determined by the Committee. Additional terms and conditions of this Agreement are contained in the Plan, which is hereby incorporated into and made a part of this Agreement. All questions of interpretation concerning this Agreement and the Plan shall be determined by the Management Resources and Compensation Committee of the Board of Directors of the Company (the "**Committee**") or the Board of Directors of the Company (the "**Board**"). In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

3. PERFORMANCE AWARD.

(a) **Grant of Performance RSUs.** Subject to the terms of this Agreement and the Plan, the Company hereby grants to the Grantee, an award of Performance RSUs, subject to the Performance Goals and other terms and conditions set forth in this Agreement. The Performance RSUs represent the right to receive the number of shares of Common Stock of the Company (the "**Shares**") as determined in accordance with the terms and conditions of this Agreement. The actual number of Shares that the Grantee will receive under this Agreement, if any, will be based on the Company's achievement of the Performance Goals during the Performance Period, subject to forfeiture and the other terms and conditions of this Agreement and the Plan. Subject to the terms and conditions of this Performance Award, the Grantee may be entitled to a payment in Shares based on the "Total Target Number of Shares" set forth above, with each Performance RSU representing one Share (the "**Target Award**"). The actual number of Shares that the Grantee may

receive, if any, will be determined by the Committee in accordance with Section 3 and Section 4 hereof, and may be greater than, equal to, or less than the Target Award, based on the Company's performance during the Performance Period. Notwithstanding the foregoing and any other provision of this Performance Award, however, in no event shall the total number of Shares issued to the Grantee hereunder exceed the individual award limitation set forth in the Plan. Except as provided below, the Grantee shall not have any rights to any Shares pursuant to this Performance Award until the Committee has determined that the Performance Goals have been achieved and Grantee has fulfilled the Service Requirement.

(b) **Performance Period.** Provided that one or more of the Performance Goals specified herein are achieved during the three-year performance period commencing October 1, 20__ and ending September 30, 20__ (the "**Performance Period**"), the Performance Award shall vest, in part or in full, following the conclusion of the Performance Period, upon the determination of the Committee.

(c) **Performance Goals.** The Performance Award shall initially be 100% unvested and subject to forfeiture. Subject to Section 5 of this Agreement, the Performance Award shall vest, only upon and to the extent of, the satisfaction of the Performance Goals as of the end of the Performance Period and the fulfillment of the Grantee's Service Requirement. The determination of whether one or more Performance Goals have been satisfied, and whether the Grantee is entitled to receive Shares hereunder, will be made by the Committee as soon as practicable following the conclusion of the Performance Period. Of the Target Award, the relative weighting of each of the Performance Goals is as follows: (1) ____ percent (____%) of the Target Award is subject to vesting based on the achievement of the ____ target as of the end of the Performance Period, as set forth below (the "**Target**") and (2) ____ percent (____%) of the Target Award is subject to vesting based on ____ target by the end of the Performance Period, as set forth below (the "**Target**"). The actual amount of this Performance Award that may vest shall range from 0% to 125% of the Target Award, based on actual performance during the Performance Period. The Performance Goals are as set forth below:

Performance Goal:

Performance Goal: _____

(d) **Performance Matrix.** The achievement level for each Performance Goal during the Performance Period will be determined according to the matrix set forth below. For example, (A) if all Performance Goals for the Performance Period are achieved at the "Target" level (as indicated in the table below), the Grantee would earn 100% of the potential Target Award and (B) the maximum amount that Grantee may earn for achieving a Performance Goal is as stated as the "Maximum" level in the table below. The baseline performance level is established at the "Threshold" level set forth below. Accordingly, the number of Shares that are eligible to vest in respect of the [] Target and the [] Target during the Performance Period shall be forfeited and no amounts will be earned if the performance achieved for the [] Target or the [] Target, as applicable, is below the "Threshold" level. If the Company achieves either or both of the [] Target or the [] Target in amounts between the levels listed in the table below (i.e. between "Threshold" and "Target" or between "Target" and "Maximum"), the percentage of the [] Target or [] Target, as applicable, that will become earned and vested will be interpolated on a straight-line basis between the closest two percentages in the table below.

| Performance | Percentage Achievement of Performance Goal | % of Target Number of Shares Eligible to be Earned |
|-----------------|--|--|
| Below Threshold | <80% | 0% |
| Threshold | 80% | 80% |

| | | |
|---------|------|------|
| Target | 100% | 100% |
| Maximum | 125% | 125% |

4. **DETERMINATION AND PAYOUT OF PERFORMANCE AWARDS.**

(a) **Certification.** As soon as practicable following the end of the Performance Period, but in any event within two and one-half (2½) months following the end of the Performance Period, (a) the Committee will review and certify in writing (i) whether, and to what extent, the Performance Goals for the Performance Period have been achieved, and (ii) the total payout that the Grantee has earned and that is to be delivered by the Company to the Grantee; and (b) the Company shall cause to be issued and delivered to the Grantee the total number of Shares, if any, in the amount certified by the Committee, as earned by the Grantee pursuant to the terms and conditions of this Agreement. Such written certification of the Committee shall be final, conclusive and binding on the Grantee, and on all other persons, to the maximum extent permitted by law.

(b) **Vesting.** All vested amounts shall be paid by the Company in whole Shares in accordance with the provisions of this Agreement. In addition to achievement of the Performance Goals, vesting of this Performance Award is subject to satisfaction of the Service Requirement, except as specified herein upon certain events resulting in termination of employment of the Grantee prior to the end of the Performance Period. Except as specified herein, continued employment will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights or benefits in connection with the end of the Performance Period to the extent the related performance condition(s) are not satisfied.

(c) **Calculation and Payment.** Individual payouts will be calculated and paid to each Grantee who remains employed with the Company as of the end of the Performance Period (subject to Section 5 below) as soon as practicable following the Committee's certification of performance for the Performance Period and in accordance with the following provisions:

(i) At the conclusion of the Performance Period, the Company's performance against the Performance Goals will be measured pursuant to the terms of Sections 3(c) and 3(d).

(ii) The total number of Shares which may be issued to the Grantee for the Performance Period, if any, will be determined for each Performance Goal in accordance with Section 3 and Section 4 of this Agreement by (A) multiplying (w) the total Target Number of Shares by (x) the respective weight assigned to such Performance Goal and then (B) for each Performance Goal, multiplying (y) the product resulting from the foregoing calculation by (z) the applicable Percentage of the Target Number of Shares eligible to be earned for such Performance Goal (as determined in accordance with Section 3(d)). The product resulting from the calculation for each Performance Goal will then be summed to determine the total number of Shares, if any, to be issued to the Grantee.

(d) **Issuance of Shares.** Delivery of vested Shares (if any) is anticipated to be made within 2½ months after the end of the Performance Period. The date of any transfer of Shares hereunder shall be the settlement date for purposes of this Agreement. No Shares will be delivered pursuant to this Performance Award unless and until all legal requirements applicable to the issuance or transfer of such Shares have been complied with to the satisfaction of the Company. Shares issued in settlement of the Performance RSUs shall be made, in the sole discretion of the Committee (or its designees), either through the issuance to the Grantee (or to the executors or administrators of Grantee's estate in the event of the Grantee's death) of a stock certificate or evidence such Shares have been registered in book entry form in the name of the Grantee with the Company's stock transfer agent. The Shares issued upon the settlement of the Performance RSUs shall not be subject to any restriction on transfer other than any such restriction as may be required

pursuant to this Agreement, the Company's insider trading policies, any federal, state or foreign law, or any contractual obligation to which the Grantee is subject (such as a "lock-up" or "market stand-off" agreement). The Company shall not be required to issue fractional Shares upon the settlement of the Performance RSUs and the Committee shall, in its discretion, determine an equivalent benefit for any fractional shares that might be created upon settlement.

5. TREATMENT FOLLOWING TERMINATION OF SERVICE.

(a) **Continuous Employment Requirement; Forfeiture.** Except as provided in Sections 5(b) through 5(d), or otherwise determined by the Committee, in order to become vested in (i.e., have the right to receive payment of) Performance Awards under the terms of this Agreement, the Grantee must have been in the continuous employment of the Company (or a subsidiary or Affiliate of the Company) from the Grant Date through the close of business on the last day of the Performance Period (or such earlier date on which the Performance Awards become vested under Sections 5(b) through 5(d)). The Grantee shall not be deemed to be employed by the Company (or a subsidiary or Affiliate of the Company) if the Grantee's employment has been terminated, even if the Grantee is receiving severance in the form of salary continuation through the regular payroll system. If the Grantee's employment with the Company (or a subsidiary or Affiliate of the Company) is terminated prior to the end of the Performance Period for any reason other than as specified in either Sections 5(b) through 5(d) of this Agreement, the Grantee shall forfeit any Performance Awards granted under this Agreement.

(b) **Disability or Death.** Notwithstanding any contrary provision in any Compensation Agreement between the Company and Grantee, in the event that the Grantee's employment with the Company is terminated due the Grantee's death or Disability (as defined in the Grantee's Compensation Agreement, or if not defined therein, then in the Plan), the Grantee (or its estate) shall vest in a portion of the Performance Award based on a fraction, the numerator of which is the number of days during the Performance Period during which the Grantee was employed by the Company (or a subsidiary or Affiliate of the Company) and the denominator of which is the total number of days of the Performance Period. In the event of Grantee's death, the Performance Award shall immediately vest as of the date of death to the extent of the proration formula and be payable to the Grantee's estate at the Target Award level as promptly as practicable. In the event of Grantee's Disability, the prorated amount of the Performance Award will vest at the Target Award level and payment therefor shall be made to the Grantee (or its legal representative) in accordance with the terms of this Agreement following the end of the Performance Period.

(c) **Involuntary Termination Without Cause or for Good Reason.** Except in connection with a Change in Control, if the Grantee's employment terminates at least six months after the Grant Date due to (A) an Involuntary Termination without Cause or (B) termination for Good Reason, a prorated portion of any unearned Performance RSUs shall become earned and vested in accordance with this Section. Any such vested Performance RSUs shall not be paid until the determination date as provided for in Section 4, provided it is determined that one or all of the Performance Goals were achieved. Such prorated vesting shall be determined as follows: the total target number of Performance RSUs granted (based on the Target Award level) shall be multiplied by a fraction, the numerator of which is the number of days from the first day of the Performance Period through the date of Involuntary Termination without Cause or termination for Good Reason, and the denominator of which is the total number of days in the Performance Period. Any such vesting under this Section shall be subject to the following additional requirements: (x) the Grantee must execute, deliver and not revoke, no later than sixty (60) days following the termination of employment, a general release of claims if requested by, and in a form satisfactory to, the Company, and (y) the Grantee complies with the requirements of any restrictive covenants contained in its Compensation Agreement. The payment of the amounts which are earned or vest in accordance with this provision shall be made when payment would otherwise have been made following the end of the Performance Period. This Section shall supersede any conflicting provisions that may be set forth in Grantee's Compensation Agreement.

(d) **Change in Control.** Notwithstanding anything in this Agreement to the contrary, if (A) a Change in Control occurs after the first anniversary date of the Grant Date and (B) the Grantee has a Change in Control Termination, then any unearned Performance RSUs shall become immediately earned and vested as of the date of such Change in Control Termination at the greater of (y) Target Award level or (z) the actual level of performance (determined in accordance with Section 3(d) of this Agreement) determined as if the Performance Period had ended as of the Company's fiscal quarter end preceding the date of the consummation of the Change in Control. Any such vesting under this Section shall be subject to the following additional requirements: (x) the Grantee must execute, deliver and not revoke, no later than sixty (60) days following the termination of employment, a general release of claims if requested by, and in a form satisfactory to, the Company, and (y) the Grantee complies with the requirements of any restrictive covenants contained in its Compensation Agreement. As used herein, a "Change in Control Termination" means that the termination of the Grantee's employment on or within a period of one hundred and eighty (180) days of a Change in Control if such termination is either (i) an Involuntarily Termination Without Cause or (ii) the Grantee terminates its employment relationship with the Company (or a subsidiary or Affiliate of the Company) for Good Reason.

(e) **Good Reason.** Subject to Section 1(e) of this Agreement, the term "Good Reason" shall mean without the written consent of the Grantee: (a) a material breach of any provision of the Grantee's Compensation Agreement by the Company; (b) failure by the Company to pay when due a material portion of compensation to the Grantee; (c) a material reduction in the Grantee's base salary, as determined in its Compensation Agreement; (d) failure by the Company to maintain the Grantee in the positions referred to its Compensation Agreement; (e) assignment to the Grantee of any duties materially and adversely inconsistent with its positions, authority, duties, responsibilities, powers, functions, reporting relationship or any other action by the Company that results in a material diminution of such positions, authority, duties, responsibilities, powers, functions, or reporting relationship; or (f) within 180 days of the date on which a Change of Control event is legally consummated, either of the following events occurs without the written consent of the Employee: (A) the Grantee ceases to serve as an "executive officer" of the Company (as such term is defined by the Securities Exchange Act of 1934) or (B) any successor to the Company does not expressly assume all obligations of the Company under this Agreement. Notwithstanding the foregoing, however, before the Grantee may resign for Good Reason, the Grantee must either (A) comply with any notice and cure procedures specified in its Compensation Agreement or (B) if such Compensation Agreement does not provide for any notice and cure procedures relating to a termination for Good Reason, then Grantee must provide written notice to the Company identifying the applicable event or condition within 120 days of the occurrence of the event or the initial existence of the condition, (ii) the Company fails to remedy the event or condition within a period of 30 days following such notice, and (iii) the Grantee's termination for Good Reason occurs within 90 days after the date the Company fails to remedy the event or condition.

(f) **Beneficiary.** The Grantee may, from time to time, designate a beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Agreement is to be paid in case of the Grantee's death before the Grantee has received all benefits to which the Grantee would have been entitled under this Agreement. Each beneficiary designation shall revoke all prior designations by the Grantee, shall be in a form prescribed by the Committee, and will be effective only when received in writing by the Committee. The last valid beneficiary designation received shall be controlling; provided, however, that no beneficiary designation, or change or revocation thereof, shall be effective unless received prior to the Grantee's death. If no valid and effective beneficiary designation exists at the time of the Grantee's death, or if no designated beneficiary survives the Grantee, or if the Grantee's beneficiary designation is invalid under law, any benefit payable hereunder shall be made to the Grantee's surviving spouse, if any, or if there is no such surviving spouse, to the executor or administrator of the Grantee's estate. If the Committee is in doubt as to the right of any person to receive payment of any benefit hereunder, the Committee may direct that the amount of such benefit be paid into a court of competent jurisdiction in an

interpleader action, and such payment into court shall fully and completely discharge any liability or obligation of the Company, the Committee, or the Board under this Agreement.

6. RESTRICTIONS AND ACKNOWLEDGMENTS.

(a) **Restrictions on Grant and Issuance of Shares.** The grant of the Performance Award and issuance of Shares upon settlement of the Performance RSUs shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. If the issuance of Shares upon settlement of the Performance RSUs would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed, then no such Shares may be issued unless and until all such laws, regulations and stock exchange requirements have been satisfied. As a condition to the settlement of the Performance Award, the Company may require the Grantee to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company. To the extent applicable, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 under the U. S. Securities and Exchange Act of 1934. Any ambiguities or inconsistencies in the construction of this Agreement or the Plan shall be interpreted to give effect to such intention. However, to the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee in its discretion. Transfer of Shares shall be subject to the Company's trading policies and any applicable securities laws or regulations governing transferability of shares of the Company. Notwithstanding any other provision of this Agreement, the Grantee may not sell the Shares acquired upon settlement of the RSUs unless such shares are registered under the Securities Act of 1933, as amended (the "Securities Act"), or, if such shares are not then so registered, such sale would be exempt from the registration requirements of the Securities Act. The sale of such Shares must also comply with other applicable laws and regulations governing the Shares and Grantee may not sell the shares of Company Common Stock if the Company determines that such sale would not be in material compliance with such laws and regulations.

(b) **Adjustments for Changes in Capital Structure.** Subject to any required action by the stockholders of the Company and the requirements of Section 409A of the Code to the extent applicable, in the event of any change in the Shares effected by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of Shares, exchange of Shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Shares (excepting normal cash dividends) that has a material effect on the fair market value of Shares, appropriate and proportionate adjustments shall be made in the number of Performance RSUs subject to the Performance Award and/or the number and kind of shares to be issued in settlement of the Performance RSUs, in order to prevent dilution or enlargement of the Grantee's rights under the Performance Award. Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. Such adjustments shall be determined by the Committee as contemplated by the Plan, and its determination shall be final, binding and conclusive.

(c) **Rights as a Stockholder.** The Grantee shall have no rights as a stockholder with respect to any Shares which may be issued in settlement of the Performance RSUs until the date of the issuance of such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). Performance RSUs constitute an unfunded and unsecured right to require the Company to deliver to the Grantee the number of Shares, as provided in, and subject to the terms and conditions of, the Plan and this Agreement. Upon issuance of Shares in connection with the settlement of vested Performance RSUs, the Grantee shall be the record owner of such Shares unless and until such Shares are sold or otherwise disposed of. No adjustment shall be made for dividends, distributions or other

rights for which the record date is prior to the date such certificate is issued, except as provided in Section 6(b) of this Agreement and you shall receive no benefit with respect to any cash dividend, stock dividend or other distribution that does not result from an adjustment as provided in Section 6(b).

(d) **Legends.** The Company may at any time determine to issue certificates representing the Shares issued pursuant to this Agreement rather than issue uncertificated Shares and the Company may at any time place legends referencing any applicable restrictions under federal, state or foreign securities law or required under any contractual obligations (as contemplated above) on all certificates representing Shares issued pursuant to this Agreement. The Grantee shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to settlement of the Performance RSUs in the possession of the Grantee in order to carry out the provisions of this section.

7. FORFEITURE OF AWARD AND RIGHT TO PAYMENTS.

(a) **Forfeiture of Award and Right to Payments.** Payments under this Agreement are subject to recovery by the Company to the extent required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the Sarbanes-Oxley Act of 2002, and any regulations promulgated thereunder, including, without limitation, in the following circumstances:

(i) **Forfeiture for Financial Reporting Misconduct.** If the Company is required to prepare an accounting restatement due to material noncompliance by the Company with any financial reporting requirement under the securities laws, with respect to any Grantee who either knowingly or grossly negligently engaged in the misconduct or knowingly or grossly negligently failed to prevent the misconduct as determined by the Committee or is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, such Grantee shall forfeit and disgorge to the Company any award amounts (A) received during the twelve (12)-month period following the filing of the financial document embodying such financial reporting requirement or (B) earned based on the materially non-complying financial reporting.

(ii) **Forfeiture for Other Misconduct.** In addition, in the event that the employment of the Grantee is terminated for Cause, including a breach by the Grantee of any of the restrictive covenants contained in such Grantee's Compensation Agreement, then, in such event, the Grantee shall forfeit all rights to the Performance Award and shall repay to the Company all amounts received by the Grantee with respect to such Performance Awards granted or paid any time after the date of the act giving rise to the Grantee's termination for Cause. In the event that, following the Grantee's termination of employment the Company discovers that, during the course of his employment with the Company, the Grantee committed an act that would have given rise to a termination for Cause, then, in such event, the Grantee shall forfeit all remaining rights to the Performance Award.

(iii) **Other Clawback or Compensation Recovery.** Notwithstanding any other provisions in this Agreement to the contrary, the Grantee agrees and acknowledges that any amounts paid or payable to it pursuant to this Agreement which are subject to recoupment or clawback under any applicable law, government regulation, stock exchange listing requirement, or corporate policy adopted by the Board or a committee thereof, including without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and such regulations as may be promulgated thereunder by the Securities and Exchange Commission, shall be subject to such deductions and clawback (recovery) as may be required to be made pursuant to applicable law, government regulation, stock exchange listing requirement or any policy of the Company adopted pursuant to any such law, government regulation, or stock exchange listing requirement. Accordingly, if the Grantee receives any amounts under this Award in excess of the amount that such Grantee should otherwise have received hereunder for any reason, including by reason of a financial restatement, the Grantee shall be required to repay any such excess amount to the Company.

Grantee agrees that the provisions of this subsection 7(a)(iii) shall be interpreted in a manner consistent with and to give effect to the provisions of (A) Rule 10D-1 as promulgated by the Securities and Exchange Commission (the "SEC"), (B) Rule 5608 of the Nasdaq Listing Rules, and (C) the Company's compensation recovery policy adopted pursuant to SEC Rule 10D-1 and Nasdaq Listing Rule 5608.

8. MISCELLANEOUS.

(a) **No Restriction on Company Authority.** The grant of the Performance Award to the Grantee pursuant to this Agreement shall not affect in any way the right or power of the Company or its stockholders to make or authorize (i) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, (ii) any merger or consolidation of the Company, (iii) any issue of bonds, debentures, common stock, preferred stock or securities convertible into or exercisable for shares of the Company's common stock or preferred stock, (iv) the dissolution or liquidation of the Company, (v) any sale or transfer of all or any part of its assets or business, or (vi) any other corporate act or proceeding, whether of a similar character or otherwise.

(b) **No Guaranty of Future Awards.** By entering into this Agreement and accepting this Performance Award, the Grantee acknowledges that: (i) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time, (ii) the Performance Award does not create any contractual or other right to receive future awards of any type under the Plan or otherwise; (iii) the Committee (or Board) retains the sole discretion as to whether to grant future awards under the Plan and with respect to any terms and conditions of awards which it may elect to grant; (iv) the Grantee's participation in the Plan is voluntary; (v) grants of Performance Awards are not to be used for calculating any severance, resignation, end of service payments, bonuses, retirement benefits, compensation, earnings or for the purposes of any other benefit plan offered by the Company; and (vi) the future value of the underlying Shares is unknown and cannot be predicted with certainty.

(c) **Obligation Unfunded.** The obligation of the Company with respect to the Performance Award granted hereunder shall be interpreted solely as an unfunded contractual obligation to make payments in the manner and under the conditions prescribed under this Agreement. Any assets set aside with respect to amounts payable under this Agreement shall be subject to the claims of the Company's general creditors, and no person other than the Company shall, by virtue of the provisions of the Plan or this Agreement, have any interest in such assets. Neither the Grantee nor any other person shall have any interest in any particular assets of the Company by reason of the right to receive a benefit under this Agreement, and the Grantee or any such other person shall have only the rights of a general unsecured creditor of the Company with respect to any rights under the Plan or this Agreement. The Grantee acknowledges that neither the Plan nor any Performance Award thereunder is intended to be subject to the Employee Retirement Income and Security Act of 1974, as amended.

(d) **Committee Authority.** The Committee or the Board reserves the right to terminate, amend, or modify the Plan in its sole discretion. This Agreement and the rights of the Grantee hereunder are subject to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee (or the Board) is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Grantee and all persons having an interest in the Performance Award.

(e) **Tax Consequences.** Regardless of any action the Company takes with respect to any or all federal, state, or local income tax, social insurance, payroll tax, payment on account or other tax-related withholding regarding the Performance Award ("**Tax-Related Items**"), Grantee acknowledges and understands that it is responsible for its own tax liabilities that may arise as a result of the transactions contemplated by this Performance Award. Grantee hereby authorizes the Company to withhold all

applicable Tax-Related Items legally payable by Grantee from its wages or other cash compensation paid to Grantee by the Company, or from payment otherwise owed to Grantee under this Performance Award. The Grantee may elect, subject to any procedural rules adopted by the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having an aggregate Fair Market Value on the date the tax is to be determined, equal to the minimum amount required by law to be withheld. Further, Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver any Shares if Grantee fails to comply with its obligations in connection with the Tax-Related Items as described in this section. The Grantee acknowledges that the Company has not advised the Grantee regarding the Grantee's income tax liability in connection with the grant or vesting of the Performance RSUs and the delivery of Shares in connection therewith. The Grantee has reviewed with the Grantee's own tax advisors the federal, state, and local and tax consequences of the grant and vesting of the Performance RSUs and the delivery of Shares in connection therewith as contemplated by this Agreement. The Grantee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

(f) **Compliance with Section 409A.** To the extent applicable, it is intended that the Plan and the Agreement comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), if applicable, or an exception thereto, and any related regulations or other guidance promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service. Accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to comply therewith. In no event shall the Grantee, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Grantee shall not be considered to have terminated employment with the Company for purposes of this Agreement until Grantee would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Grantee's separation from service shall instead be paid on the first business day after the date that is six months following Grantee's separation from service (or death, if earlier). This Agreement may be amended without the consent of the Grantee in any respect deemed in good-faith by the Board or the Committee to be necessary in order to preserve compliance with Section 409A of the Code.

(g) **No Right to Continued Employment.** Nothing in the Plan or this Agreement shall be construed as a contract of employment between the Company (or a subsidiary or Affiliate of the Company) and the Grantee, or as a contractual right of the Grantee to continue in the employ of the Company (or a subsidiary or Affiliate of the Company), or as a limitation of the right of the Company (or a subsidiary or Affiliate of the Company) to discharge the Grantee at any time.

(h) **Governing Law; Arbitration.** This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of New Jersey. Any dispute between the parties hereto arising under or relating to this Agreement shall be resolved in accordance with the procedures of the American Arbitration Association. Any resulting hearing shall be held in the Atlanta, Georgia metropolitan area. The resolution of any dispute achieved through such arbitration shall be binding and enforceable by a court of competent jurisdiction.

(i) **Restrictions on Transfer.** Prior to the issuance of Shares on the applicable settlement date, neither this Agreement, the Performance Award, any Performance RSUs subject to the Performance Award, nor any Shares issuable upon settlement, shall be subject in any manner to alienation, sale,

exchange, transfer, assignment, pledge, hypothecation, encumbrance, or levy or garnishment by creditors of the Grantee or the Grantee's beneficiaries, except transfer by will or by the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Grantee's lifetime only by the Grantee or the Grantee's guardian or legal representative.

(j) **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Grantee and the Grantee's heirs, executors, administrators, successors and permitted assigns. This Plan shall be assignable by the Company to any corporation, partnership or other entity resulting from the reorganization, merger or consolidation of the Company with any other corporation, partnership or other entity, or any corporation, partnership, or other entity to or with which all or any portion of the Company's business or assets may be sold, exchanged or transferred.

(k) **Headings.** Headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this agreement.

(l) **Notices.** All notices and other communications made or given pursuant to the Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by first class or certified mail, addressed to the Grantee at the address contained in the records of the Company, or addressed to the Committee, care of the Company for the attention of its Secretary at its principal office or, transmitted and received via facsimile or such other electronic transmission mechanism as may be available to the parties. The Grantee agrees that the Plan documents and this Agreement may be delivered to it electronically, including by means of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company. The Grantee acknowledges that the Grantee has read this section and consents to the electronic delivery of the Plan documents and this Agreement. The Grantee acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Grantee by contacting the Company in writing. The Grantee further acknowledges that the Grantee will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Grantee may revoke his or her consent to the electronic delivery of documents or may change the electronic mail address to which such documents are to be delivered (if Grantee has provided an electronic mail address) at any time by notifying the Company in writing of such revoked consent or revised e-mail address. Finally, the Grantee understands that he or she is not required to consent to electronic delivery of documents.

(m) **Entire Agreement; Modification and Waiver.** This Agreement, together with its exhibits and the Plan, embodies the complete agreement and understanding between the parties with respect to the subject matter hereof and supersedes and preempts any prior written or oral understandings, agreements or representations by or among any of the parties that may relate to the subject matter hereof. This Agreement may be amended at any time by the Committee, provided that no amendment may, without the consent of the Grantee, materially impair the Grantee's rights with respect to the Performance Award. The failure of the Company to enforce at any time any provision of this Agreement will in no way be construed to be a waiver of such provision or of any other provision hereof.

(n) **Conformity with Plan.** This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan, which is incorporated herein by reference. Acceptance of this Agreement constitutes your consent to any action taken under the Plan consistent with its terms with respect to this Performance Award and your agreement to be bound by the restrictions contained herein and the terms and conditions of the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in the Agreement or any matters as to which the Agreement is silent, the Plan shall govern including, without limitation, the provisions thereof

pursuant to which the Committee has the power, among others, to (i) interpret the Plan and agreements related thereto, (ii) prescribe, amend and rescind rules and regulations relating to the Plan, and (iii) make all other determinations deemed necessary or advisable for the administration of the Plan. The Grantee acknowledges by signing this Agreement that such Grantee has reviewed a copy of the Plan, any prospectus for the Plan, and this Award Agreement and that it accepts this Performance Award subject to all of its terms and conditions.

(o) **Conflict Between Agreements.** In the event of any conflict or inconsistency between this Agreement and any terms or conditions set forth in any Compensation Agreement between the Grantee and the Company, the terms and conditions set forth in this Agreement shall prevail unless such Compensation Agreement expressly provides that the terms therein shall take precedence over any conflicting provisions in this Agreement.

(p) **Bankruptcy; Dissolution.** Performance Awards granted under this Agreement shall be of no further force or effect and forfeited in the event that the Company is placed under the jurisdiction of a bankruptcy court, or is dissolved or liquidated.

(q) **Severability.** Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

(r) **Execution; Counterparts.** This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page was an original thereof.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this Performance Award Agreement to be executed by its duly authorized officer, and the Grantee has hereunto set his or her hand, on the date(s) written below.

DLH HOLDINGS CORP.

Name:
Title: Chair, Management Resources and Compensation Committee
Date: [], 202[]

GRANTEE

Name:
Date:

Attachment: 2025 Equity Incentive Plan.

Certification

I, Zachary C. Parker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DLH Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2025

/s/ Zachary C. Parker
 Zachary C. Parker
 Chief Executive Officer
 (Principal Executive Officer)

Certification

I, Kathryn M. JohnBull, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DLH Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2025

/s/ Kathryn M. JohnBull
 Kathryn M. JohnBull
 Chief Financial Officer
 (Principal Accounting Officer)

Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of DLH Holdings Corp. (the "Company") on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, being, Zachary C. Parker, Chief Executive Officer, and Kathryn M. JohnBull, Chief Financial Officer and Principal Accounting Officer, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: May 7, 2025

/s/ Zachary C. Parker
Zachary C. Parker
Chief Executive Officer
(Principal Executive Officer)

/s/ Kathryn M. JohnBull
Kathryn M. JohnBull
Chief Financial Officer
(Principal Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

