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Dec 15, 2025

Defense

DLHC

NASDAQ

Rating

Outperform

Unchanged

Current Price

$5.71

Target Price

$10.00

Market Capitalization
82.76m

Shares Outstanding
14.49m

Float
6.63m

Institutional Holdings
65.96%

12-Month Low/High
$2.72/$8.45

Average 90-Day Volume
105850

Fiscal Year End
09/30/2026

Revenues ($ MIL)

Period	2025A	2026E	2027E
Q1	90.8A	70.2E	
Q2	89.2A	65.0E	
Q3	83.3A	53.0E	
Q4	81.2A	47.5E	
	344.5A	235.6E	254.0E

EPS ($)

Period	2025A	2026E	2027E
Q1	0.08A	(0.07)E	
Q2	0.06A	(0.08)E	
Q3	0.02A	(0.10)E	
Q4	(0.06)A	(0.11)E	
	0.09A	(0.35)E	(0.03)E

DLH Holdings

Looking Toward a Brighter Future

Overview. Fiscal 2025, and the start of fiscal 2026, continued the loss of contracts to small business set asides. While the loss of the Head Start contract and the expected eventual loss of all of the CMOP locations is impacting operating results today, we believe the resolution of these set aside contracts removes a big overhang from the business and enables the Company to grow from a solid base of higher value-added technology-powered applications business.

4Q25. Revenue fell 15.8% y-o-y to $81.2 million, driven by the loss of CMOP locations, as well as other set aside contracts. Gross margin fell to 17.1% from 19.9% a year ago. DLH reported a net loss of $920,000, or a loss of $0.06/sh., compared with net income of $2.3 million, or EPS of $0.16, in 4Q24. Adjusted EBITDA fell to $6.6 million from $10.7 million. We were at $83.5 million, $250,000, $0.02/sh., and $8.15 million, respectively.

Debt. The Company repaid $10.7 million of its debt during 4Q25, reducing total debt at fiscal year-end to $131.6 million. Mandatory debt repayments have now been paid through September 2027. This should provide DLH with substantial flexibility during fiscal 2026 as the Company adjusts to the new operating environment.

Projections. There will be a lot of moving parts in FY26 and timing will impact quarterly operating results. The Head Start program will only contribute 1 month of revenue in FY26, while we project CMOP revenue to decline throughout the year. For 1Q26, we estimate revenue of $70.2 million, adjusted EBITDA of $6.2 million, and a loss of $1.0 million, or $0.07/shr.

Maintaining Outperform. We are maintaining our Outperform rating and our $10 price target on DLHC shares. The loss of Head Start and, eventually, CMOP, are negatives, but we believe this removes uncertainty and will enable the Company to focus efforts on new and expanded opportunities in its three core pillars. We believe DLH is well positioned to capitalize on the additional potential growth opportunities in its target markets.

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Fourth Quarter Fiscal 2025 Operating Results

DLH ended fiscal year 2025 poised to capitalize on the opportunities of tomorrow, as the historic VA-CMOP and HHS Head Start programs were/are being transitioned as small business set asides. While the loss of these contracts will impact near-term operating results, we believe final resolution of these contracts removes a significant overhang to the overall business. We believe the Company is well positioned to grow from a solid base of higher value-added technology-powered applications business.

In the fourth quarter, DLH reported revenue of $81.2 million compared with $96.4 million in the prior year period, reflecting contribution from contract awards, offset by the impact of program timing, contract unbundling, government efficiency initiatives, and the conversion of certain programs to small business set-aside contracts, as discussed in the past. In total, the revenue contraction due to such small business set-aside conversions, including CMOP, was approximately $11 million in the quarter versus 2024, accounting for most of the decrease in revenue. Of the year-over-year decline, approximately $7.5 million was related to transition of CMOP locations and $2.9 million was from the unbundling of certain other contracts. Significantly, the acquired small business programs, which had a minor effect on the revenue decrease, have now materially completed their run out.

Gross margin for the quarter was 17.1%, down from 19.9% in the year ago period, impacted by the revenue decline. G&A expenses were $7.26 million, down from $8.54 million. G&A expenses as a percentage of revenue was flat at 8.9%. The Company reported adjusted EBITDA of $6.6 million in the fourth quarter versus $10.7 million last year. Adjusted EBITDA was down primarily due to the overall lower revenue level and corresponding pressure on gross margins as DLH continued to invest in key innovation resources necessary to address the growth pipeline. Adjusted EBITDA as a percent of revenue was 8.1% this year versus 11.1% in fiscal 2024.

DLH reported a net loss of $920,000, or $0.06 per share, during the quarter, compared with net income of $2.3 million, or EPS of $0.16, in the fourth quarter of fiscal 2024.

For the year ended September 30, 2025, revenue was $344.5 million, a decrease of $51.4 million over the prior year period. The decrease in revenue was due primarily to the conversion of certain contracts in the HHS, VA, and DOD portfolios to small business contractors. The revenue decrease from small business conversion was partially offset by contributions from new contract awards.

Contract costs primarily include the costs associated with providing services to 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. For the year ended September 30, 2025, the contract costs decreased as compared with the prior fiscal year by $39.1 million, primarily due to the decrease in revenue volume, most notably non-labor costs. Gross margin for the year fell 100 basis points of 18.9% from 19.9% in fiscal 2024.

Full year G&A expenses of $31.2 million declined from $37 million in the prior year. As a percentage of revenue, G&A expenses were 9.1% in fiscal 2025 compared to 9.3% in fiscal 2024.D&A expenses were fairly flat at $17.2 million, while interest expense declined to $15 million from $17.2 million last year, reflecting lower outstanding debt balances. Full year adjusted EBITDA was $34 million, or 9.9% of revenue, down from $42 million, or 10.6% of revenue, last year.

DLH reported net income of $1.36 million, or $0.09 per share, for fiscal 2025. This compares with $7.4 million, or $0.50 per share, in fiscal 2024.

Set Aside Business

As mentioned above and in previous reports, DLH has lost the Head Start program as of October 31st and ended the fiscal

year with 4 remaining CMOP locations. One of those locations transitioned to a new prime contractor effective November 30, 2025, while the VA issued solicitations to evaluate for two locations. The VA has not yet assigned a proposal due date for the remaining location's solicitation. Typically, there is an approximate 3 month lag between solicitation and award, suggesting the CMOP business will be completely eliminated before the end of fiscal 2026, but the VA has changed course previously so we will have to wait and see how quickly these contracts are terminated.

In terms of revenue, in fiscal 2025, the VA accounted for $116.4 million of revenue, down from $139.9 million in fiscal 2024, while the Head Start program generated $37.6 million of revenue for the fiscal year ended September 30, 2025. This suggests some $154 million of revenue will be lost over the course of fiscal 2026.

Obviously, the loss of these contracts will have an adverse impacted on DLH's fiscal 2026's financial results. Nonetheless, it has been an annual worry among investors as to when DLH might lose the CMOP contract, as the Company has been operating the contract under various extensions for years. Ultimately, we believe DLH has enough growth opportunities to offset the loss of CMOP and Head Start but it will take some time and be partly driven by how quickly the Federal government issues RFPs and new awards. Given the Company's core strengths and how they mesh with the government's stated goals, we believe DLH is well positioned to capture new business.

Going Forward

As we discussed earlier this fiscal year, DLH's transformation into a leading technology, engineering, and scientific research solutions provider positions the Company for growth going forward, in our view. DLH's capabilities dovetail nicely with current government focus. The following chart illustrates DLH's go forward businesses.



Source: Company reports

To complement these capabilities, DLH has developed a suite of brand, branded competitive differentiators, which help customers across all target markets execute their missions with increased speed, reduced costs, and enhanced precision. We believe these proprietary tools further differentiates the Company from the competition. DLH Cyclone, Neura, and DLH Nexus Labs exemplify the strategic transformation of DLH. These tools are expected to continue to be valuable resources to customers across DLH's target markets, looking for efficient, cost-effective solutions to navigate big data challenging budget cycles, system disruptions, and the like.

Backlog

On September 30, 2025, backlog was approximately $514.3 million, of which $114.1 million was funded backlog. DLH ended the fiscal year, with north of $3 billion in pipeline opportunity. These are qualified opportunities over the next 24 months, and we expect to drive the top line higher.

Capital

DLH continued to make strides in its debt reduction during the fiscal fourth quarter using a substantial portion of the $10.7 million of free cash flow generated in the quarter for debt reduction. At the end of the fiscal year, debt outstanding was $131.6 million, down from $154.6 million at the end of fiscal 2024. Credit facility availability was approximately $23.6 million as of September 30, 2025. The Company has now satisfied mandatory principal payments on the secured term loan through September 2026. This is a key point, in our view, as it provides management flexibility as the impact of the lost set aside contracts is worked through in fiscal 2026.

Updated Projections

There will be a lot of moving parts in FY26 and timing will impact quarterly operating results. The Head Start program will only contribute 1 month of revenue in FY26, while we project CMOP revenue to decline throughout the year. As highlighted above, one CMOP location transitioned to a new prime contractor effective November 30, 2025, while the VA issued solicitations to evaluate for other two locations. The VA has not yet assigned a proposal due date for the remaining location's solicitation. While timing can always change, historically there is about a three month lag between solicitation and award. We assume CMOP revenue declines from approximately $20 million in the fiscal first quarter to zero in the fiscal fourth quarter. Obviously, if CMOP revenue either transitions faster or stays longer, it will impact overall quarterly results. Results also will reflect how quickly DLH can adjust the operating model to reflect the current conditions.

For the first quarter of fiscal 2026, we estimate revenue of $70.2 million, adjusted EBITDA of $6.2 million, and a loss of $1.0 million, or $0.07/sh. In the same period of fiscal 2025, DLH reported revenue of $90.8 million, adjusted EBITDA of $9.9 million, net income of $1.1 million, and EPS of $0.08 per share.

For the full year fiscal 2026, we estimate revenue of $235.6 million, adjusted EBITDA of $22.1 million, a net loss of $5.1 million, and a loss of $0.35 per share. While revenue is projected to drop throughout the year, we do believe there will be some growth in the base business in the second half of the fiscal year as new contract awards are announced. We also expect to see sequential margin improvement throughout the year.

Company Profile

DLH Holdings Corp. ("DLH") delivers improved health and cyber readiness solutions for federal government customers through digital transformation, science research and development, and systems engineering and integration. The Company brings 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. Among DLH's competitive advantages are: a highly credentialed workforce; predominantly performing as the prime contractor; strong past performance record across government contracts; and strong bipartisan legislative support for key contracts.

DLH has invested in leading credentials and capabilities that are expected to deliver value to 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.

DLH's primarily focus is on improved deployment 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"), Department of Homeland Security ("DHS"), and many of their sub-agencies. Working mostly as a prime contractor, DLH has a diverse mix of contract vehicles with various agencies of the federal government. Revenue is distributed to time and materials contracts (54%), firm fixed price contracts (26%), and cost reimbursable contracts (20%). The Company provide the following services and solutions, which are aligned with the long-term needs of customers: Digital Transformation and Cyber Security; Science Research and Development; and Systems Engineering and Integration.

Fundamental Analysis - 4.5/5.0 checks

We give DLH 4.5 checks out of 5.0, which falls within our "Superior" range of 4.0 to 5.0 checks. Given the company's positioning as a pure play healthcare service provider in a healthy government service market, the fundamental opportunity provided by the market is particularly strong. Similarly, the nearly unlevered balance sheet and quality of management and the Board of Directors is of particular strength. While margins are in line with larger government service peers, some lower margin legacy VA CMOP work brings down the company's potential from an operating leverage perspective. Also, while the company has carved out a unique position within the industry, its smaller scale puts the company at a disadvantage in business development efforts, modestly bringing down our analysis from a competitive positioning perspective. For further explanation of our fundamental analysis, refer to the disclosures at the end of this report.

Valuation Summary

We are maintaining our Outperform rating and our $10 price target. While there are current headwinds, we believe DLH is well positioned to capitalize on the additional potential growth opportunities in its target markets through increased budgets, the upside potential from the GRSi acquisition, and an alignment with key government priorities. We believe shares represent excellent value at the current price and the risk/reward is positive. At our price target, DLHC shares would trade at 12.5x our fiscal 2026 adjusted EBITDA estimate and 1.2x our fiscal 2026 revenue estimate, in-line with the peer group which trades at 1.2x consensus 2026 revenue estimates and 10.1x consensus 2026 adjusted EBITDA estimates.

Risks to investment include: the loss of revenue from VA CMOP and Head Start programs; a concentrated shareholder base; government regulations; delays and/or cuts to federal budgets.

DLH Holdings

Income Statement *All Data In Thousands*	FY 2024 Sep-24	Q1 2025 Dec-24	Q2 2025 Mar-25	Q3 2025 Jun-25	Q4 2025 Sep-25	FY 2025 Sep-25	Q1 2026E Dec-25	Q2 2026E Mar-26	Q3 2026E Jun-26	Q4 2026E Sep-26	FY 2026E Sep-26	FY 2027E Sep-27
Revenue	**395,937**	**90,782**	**89,212**	**83,343**	**81,160**	**344,497**	**70,150**	**64,950**	**53,000**	**47,500**	**235,600**	**254,000**
Cost of Revenue	317,026	72,382	71,209	67,420	67,319	279,333	57,000	52,500	41,750	37,800	189,050	202,000
Gross Profit	78,911	18,400	18,003	15,923	13,841	65,164	13,150	12,450	11,250	9,700	46,550	52,000
Gross Profit Margin	*19.9%*	*20.3%*	*20.2%*	*19.1%*	*17.1%*	*18.9%*	*18.7%*	*19.2%*	*21.2%*	*20.4%*	*19.8%*	*20.5%*
G&A Expenses	36,959	8,456	8,623	7,860	7,263	31,199	7,000	6,500	6,000	5,000	24,500	25,000
SGA % of Revenue	*9.3%*	*9.3%*	*9.7%*	*9.4%*	*8.9%*	*9.1%*	*10.0%*	*10.0%*	*11.3%*	*10.5%*	*10.4%*	*9.8%*
Transaction Expenses	-	0	0	0	0	-	0	0	0	0	-	-
Impairment	-	0	0	0	0	-	0	0	0	0	-	-
Corporate Development	-	0	0	0	0	-	0	0	0	0	-	-
D & A	17,051	4,307	4,265	4,308	4,299	17,179	4,000	4,000	3,750	3,500	15,250	15,000
Operating Income	**24,901**	**5,637**	**5,115**	**3,755**	**2,279**	**16,786**	**2,150**	**1,950**	**1,500**	**1,200**	**6,800**	**12,000**
Operating Profit Margin	*6.3%*	*6.2%*	*5.7%*	*4.5%*	*2.8%*	*4.9%*	*3.1%*	*3.0%*	*2.8%*	*2.5%*	*2.9%*	*4.7%*
Non-Op Expense (Income)	17,153	4,133	3,877	3,540	3,481	15,031	3,400	3,350	3,300	3,250	13,300	12,500
Income Before Taxes	7,748	1,504	1,238	215	(1,202)	1,755	(1,250)	(1,400)	(1,800)	(2,050)	(6,500)	(500)
Income Taxes	352	389	360	(74)	(282)	393	(250)	(280)	(410)	(450)	(1,390)	(100)
Income Tax Rate	*4.5%*	*25.9%*	*29.1%*	*-34.4%*	*23.5%*	*22.4%*	*20.0%*	*20.0%*	*22.8%*	*22.0%*	*21.4%*	*20.0%*
Net Income	7,396	1,115	878	289	(920)	1,362	(1,000)	(1,120)	(1,390)	(1,600)	(5,110)	(400)
Diluted Shares	14,706	14,563	14,454	14,450	14,457	14,481	14,500	14,500	14,500	14,500	14,500	14,500
Diluted GAAP EPS	**$0.50**	**$0.08**	**$0.06**	**$0.02**	**($0.06)**	**$0.09**	**($0.07)**	**($0.08)**	**($0.10)**	**($0.11)**	**($0.35)**	**($0.03)**

Adjusted EPS*	FY 2024 Sep-24	Q1 2025 Dec-24	Q2 2025 Mar-25	Q3 2025 Jun-25	Q4 2025 Sep-25	FY 2025 Sep-25	Q1 2026E Dec-25	Q2 2026E Mar-26	Q3 2026E Jun-26	Q4 2026E Sep-26	FY 2026E Sep-26	FY 2027E Sep-27
Net Income	7,396	1,115	878	289	(920)	1,362	(1,000)	(1,120)	(1,390)	(1,600)	(5,110)	(400)
Acquistion & Other Non-Recurring Costs	0	-	-	-	-	0	-	-	-	-	0	0
Adjusted Net Income	7,396	1,115	878	289	(920)	1,362	(1,000)	(1,120)	(1,390)	(1,600)	(5,110)	(400)
Adjusted EPS	**$0.50**	**$0.08**	**$0.06**	**$0.02**	**($0.06)**	**$0.09**	**($0.07)**	**($0.08)**	**($0.10)**	**($0.11)**	**($0.35)**	**($0.03)**

** Note Adjusted EPS calculations are Noble Capital Markets Estimates*

EBITDA	FY 2024 Sep-24	Q1 2025 Dec-24	Q2 2025 Mar-25	Q3 2025 Jun-25	Q4 2025 Sep-25	FY 2025 Sep-25	Q1 2026E Dec-25	Q2 2026E Mar-26	Q3 2026E Jun-26	Q4 2026E Sep-26	FY 2026E Sep-26	FY 2026E Sep-27
Operating Income	24,901	5,637	5,115	3,755	2,279	16,786	2,150	1,950	1,500	1,200	6,800	12,000
D & A	17,051	4,307	4,265	4,308	4,299	17,179	4,000	4,000	3,750	3,500	15,250	15,000
EBITDA	**41,952**	**9,944**	**9,380**	**8,063**	**6,578**	**33,965**	**6,150**	**5,950**	**5,250**	**4,700**	**22,050**	**27,000**
EBITDA Margin	*10.6%*	*11.0%*	*10.5%*	*9.7%*	*8.1%*	*9.9%*	*8.8%*	*9.2%*	*9.9%*	*9.9%*	*9.4%*	*10.6%*
Stock Comp and Non-Recurring Items	0	-	-	-	-	0	-	-	-	-	0	0
Adjusted EBITDA	**41,952**	**9,944**	**9,380**	**8,063**	**6,578**	**33,965**	**6,150**	**5,950**	**5,250**	**4,700**	**22,050**	**27,000**
Adjusted EBITDA Margin	*10.6%*	*11.0%*	*10.5%*	*9.7%*	*8.1%*	*9.9%*	*8.8%*	*9.2%*	*9.9%*	*9.9%*	*9.4%*	*10.6%*

Source: Company Reports and Noble Capital Markets estimates

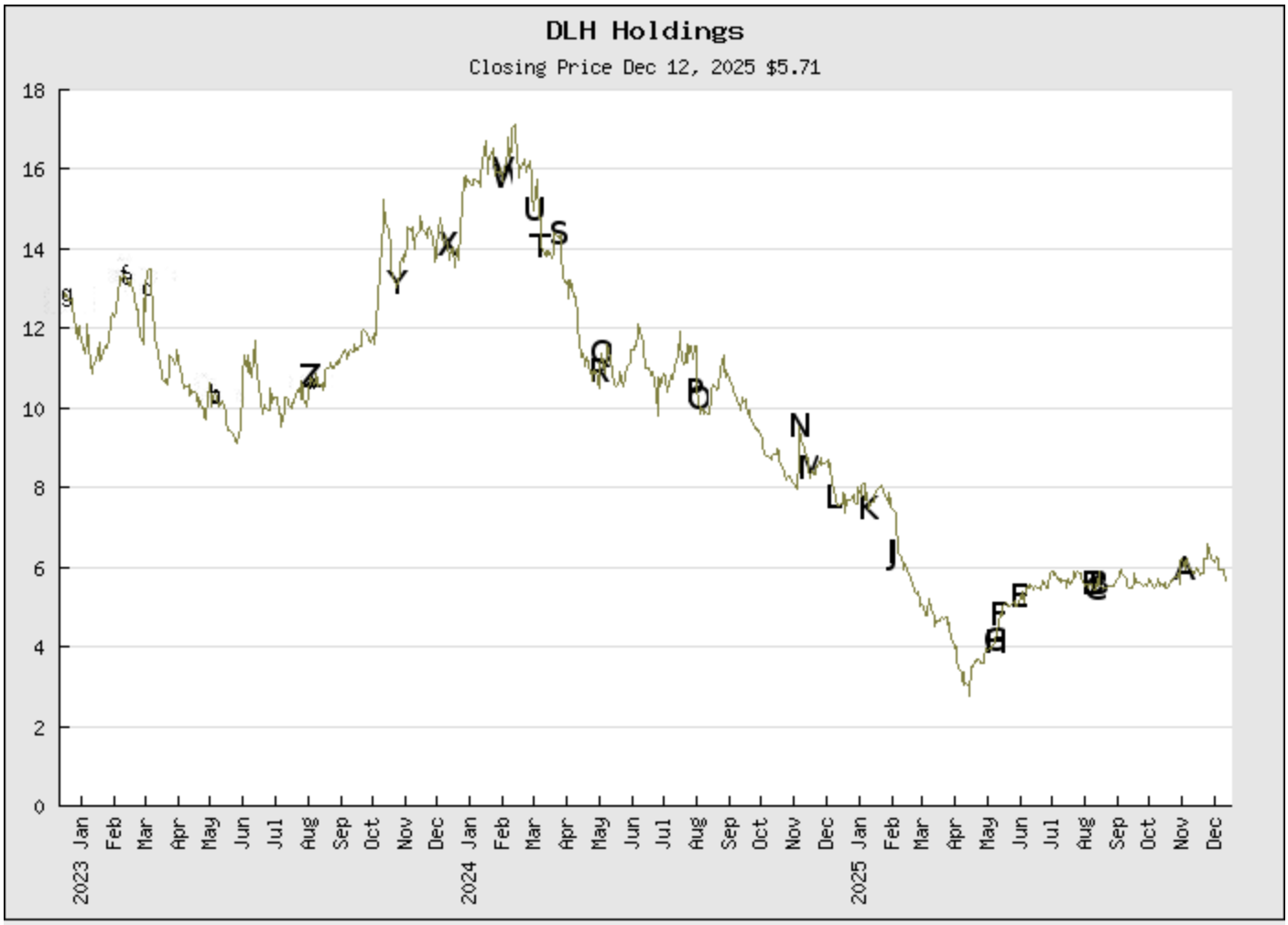
DLH Holdings

Balance Sheet	FY 2023 Sep-23	Q1 2024 Dec-23	Q2 2024 Mar-24	Q3 2024 Jun-24	Q4 2024 Sep-24	FY 2024 Sep-24	Q1 2025 Dec-24	Q2 2025 Mar-25	Q3 2025 Jun-25	Q4 2025 Sep-25	FY 2025 Sep-25
Assets											
Cash	215	131	238	423	342	342	451	196	194	125	125
Accounts Receivable	59,119	55,577	55,457	58,341	49,849	49,849	64,270	51,713	44,916	38,394	38,394
Other Current Assets	3,067	2,916	2,221	2,742	2,766	2,766	2,853	3,129	4,477	4,018	4,018
Total Current Assets	**62,401**	**58,624**	**57,916**	**61,506**	**52,957**	**52,957**	**67,574**	**55,038**	**49,587**	**42,537**	**42,537**
PPE	1,590	1,625	1,787	1,790	1,830	1,830	2,189	1,487	1,432	1,274	1,274
Goodwill and Intangibles	262,938	258,824	254,710	250,596	246,482	246,482	242,368	238,254	234,140	230,026	230,026
Operating Leases	9,656	8,996	8,315	7,498	6,681	6,681	7,255	6,956	9,259	8,764	8,764
Deferred Income Taxes	3,070	3,076	3,028	3,381	6,245	6,245	5,465	4,715	4,808	7,947	7,947
Other LT Assets	186	185	186	186	186	186	158	157	115	115	115
Total Assets	**339,841**	**331,330**	**325,942**	**324,957**	**314,381**	**314,381**	**325,009**	**306,607**	**299,341**	**290,663**	**290,663**
Liabilities											
Current portion of LTD	-	-	-	-	12,058	12,058	27,595	17,036	14,039	8,067	8067
Accounts Payable and Accrued Expenses	29,704	22,307	23,035	23,189	25,290	25,290	18,723	17,362	13,676	19,246	19,246
Operating leases	3,463	3,353	3,242	2,889	2,652	2,652	2,753	2,716	2,711	2,918	2,918
Other Current Liabilities	31,620	32,397	29,930	32,360	13,242	13,242	15,617	12,803	15,397	12,440	12,440
Total Current Liabilities	**64,787**	**58,057**	**56,207**	**58,438**	**53,242**	**53,242**	**64,688**	**49,917**	**45,823**	**42,671**	**42,671**
LTD	155,147	151,870	147,610	143,258	137,316	137,316	134,623	130,271	124,309	119,966	119,966
Operating Leases	15,908	15,042	14,242	13,521	12,789	12,789	13,354	12,666	14,829	14,022	14,022
Other LT Liabilities	1,560	1,559	1,133	1,135	902	902	904	904	682	1,046	1,046
Total Liabilities	**237,402**	**226,528**	**219,192**	**216,352**	**204,249**	**204,249**	**213,569**	**193,758**	**185,643**	**177,705**	**177,705**
Shareholders Equity											
Common Stock and APIC	99,988	100,200	100,336	101,052	100,284	100,284	100,477	101,009	101,569	101,748	101,748
Retained Earnings	2,451	4,602	6,414	7,553	9,848	9,848	10,963	11,840	12,129	11,210	11,210
Treasury Stock	-	-	-	-	-	-	-	-	-	-	-
Total Shareholders Equity	**102,439**	**104,802**	**106,750**	**108,605**	**110,132**	**110,132**	**111,440**	**112,849**	**113,698**	**112,958**	**112,958**
Total Liabilities and Shareholders Equity	**339,841**	**331,330**	**325,942**	**324,957**	**314,381**	**314,381**	**325,009**	**306,607**	**299,341**	**290,663**	**290,663**

Cash Flow Statement	FY 2022 Sep-22	Q1 2024 Dec-23	Q2 2024 Mar-24	Q3 2024 Jun-24	Q4 2024 Sep-24	FY 2024 Sep-24	Q1 2025 Dec-24	Q2 2025 Mar-25	Q3 2025 Jun-25	Q4 2025 Sep-25	FY 2025 Sep-25
Operating Cash Flows											
Net Income	1,461	2,151	1,812	1,139	2,295	7,397	1,115	877	289	(919)	1,362
Depreciation and Amortization	15,562	4,253	4,243	4,273	4,283	17,052	4,307	4,265	4,308	4,299	17,179
Other Non Cash Gains and Losses	7,173	1,256	1,399	761	(2,854)	562	1,430	1,705	895	(2,526)	1,504
Changes in Assets and Liabilities	6,837	(2,589)	(2,224)	(1,543)	8,711	2,355	(18,390)	7,656	4,079	9,826	3,171
Net Operating Cash Flow	**31,033**	**5,071**	**5,230**	**4,630**	**12,435**	**27,366**	**(11,538)**	**14,503**	**9,571**	**10,680**	**23,216**
Investing Cash Flows			-	-				-	-		
Capital Expenditures	(625)	(174)	(292)	(161)	(209)	(836)	(552)	551	(212)	(28)	(241)
Cash Paid for Acquisitions	(180,572)	-	-	-	-	-	-	-	-	-	-
Other Investing Cash Flows	-	-	-	-	-	-	-	-	-	-	-
Net Investing Cash Flow	**(181,197)**	**(174)**	**(292)**	**(161)**	**(209)**	**(836)**	**(552)**	**551**	**(212)**	**(28)**	**(241)**
Financing Cash Flows			-	-				-	-		
Net Borrowing	157,359	(4,573)	(4,014)	(4,282)	(11,932)	(24,801)	12,401	(15,309)	(9,361)	(10,721)	(22,990)
Cash Flow from Equity, net	-	-	-	-	-	-	-	-	-	-	-
Other Financing Cash Flows	(7,208)	(408)	(817)	(2)	(375)	(1,602)	(202)	-	-	-	(202)
Net Financing Cash Flow	**150,151**	**(4,981)**	**(4,831)**	**(4,284)**	**(12,307)**	**(26,403)**	**12,199**	**(15,309)**	**(9,361)**	**(10,721)**	**(23,192)**
Cash At Beginning of Period	228	215	215	215	423	215	342	342	342	194	342
Net Change in Cash	(13)	(84)	23	208	(81)	127	109	(146)	(148)	(69)	(217)
Cash at End of Period	215	131	238	423	342	342	451	196	194	125	125

Free Cash Flow	FY 2022 Sep-22	Q1 2024 Dec-23	Q2 2024 Mar-24	Q3 2024 Jun-24	Q4 2024 Sep-24	FY 2024 Sep-24	Q1 2025 Dec-24	Q2 2025 Mar-25	Q3 2025 Jun-25	Q4 2025 Sep-25	FY 2025 Sep-25
Net Income	1,461	2,151	1,812	1,139	2,295	7,397	1,115	877	289	(919)	1,362
Depreciation and Amortization	15,562	4,253	4,243	4,273	4,283	17,052	4,307	4,265	4,308	4,299	17,179
Other Non Cash Gains and Losses	7,173	1,256	1,399	761	(2,854)	562	1,430	1,705	895	(2,526)	1,504
Changes in Assets and Liabilities	6,837	(2,589)	(2,224)	(1,543)	8,711	2,355	(18,390)	7,656	4,079	9,826	3,171
Net Operating Cash Flow	31,033	5,071	5,230	4,630	12,435	27,366	(11,538)	14,503	9,571	10,680	23,216
Capital Expenditures	(625)	(174)	(292)	(161)	(209)	(836)	(552)	551	(212)	(28)	(241)
Free Cash Flow	**30,408**	**4,897**	**4,938**	**4,469**	**12,226**	**26,530**	**(12,090)**	**15,054**	**9,359**	**10,652**	**22,975**
Free Cash Flow Per Diluted Share	$2.11	$0.33	$0.33	$0.30	$0.85	$1.80	($0.83)	$1.04	$0.65	$0.74	$1.59

Source: Company Reports and Noble Capital Markets estimates



A - 11/03/2025 Outperform Target $10.00 Current $5.95
B - 08/15/2025 Outperform Target $10.00 Current $5.57
C - 08/11/2025 Outperform Target $10.00 Current $5.46
D - 08/07/2025 Outperform Target $10.00 Current $5.55
E - 06/02/2025 Outperform Target $10.00 Current $5.26
F - 05/14/2025 Outperform Target $10.00 Current $4.81
G - 05/09/2025 Outperform Target $10.00 Current $4.15
H - 05/08/2025 Outperform Target $15.00 Current $4.08
I - 02/07/2025 Outperform Target $15.00 Current $6.35
J - 02/06/2025 Outperform Target $15.00 Current $6.33
K - 01/10/2025 Outperform Target $15.00 Current $7.47
L - 12/09/2024 Outperform Target $15.00 Current $7.72
M - 11/14/2024 Outperform Target $15.00 Current $8.47
N - 11/06/2024 Outperform Target $15.00 Current $9.53
O - 08/02/2024 Outperform Target $15.00 Current $10.22
P - 08/01/2024 Outperform Target $21.00 Current $10.39
Q - 05/03/2024 Outperform Target $21.00 Current $11.38
R - 05/02/2024 Outperform Target $21.00 Current $10.92
S - 03/26/2024 Outperform Target $21.00 Current $14.37
T - 03/08/2024 Outperform Target $21.00 Current $14.03
U - 02/29/2024 Outperform Target $21.00 Current $14.94
V - 02/02/2024 Outperform Target $21.00 Current $15.97
W - 02/01/2024 Outperform Target $21.00 Current $15.79
X - 12/11/2023 Outperform Target $21.00 Current $14.09
Y - 10/25/2023 Outperform Target $21.00 Current $13.13
Z - 08/04/2023 Outperform Target $21.00 Current $10.75
a - 08/03/2023 Outperform Target $21.00 Current $10.67
b - 05/05/2023 Outperform Target $21.00 Current $10.35
c - 05/04/2023 Outperform Target $21.00 Current $10.33
d - 03/02/2023 Outperform Target $21.00 Current $13.01
e - 02/10/2023 Outperform Target $21.00 Current $13.30
f - 02/09/2023 Outperform Target $21.00 Current $13.37
g - 12/16/2022 Outperform Target $21.00 Current $12.91

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The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or under-served needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclicality, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

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Outperform: potential return is >15% above the current price	85%	15%
Market Perform: potential return is -15% to 15% of the current price	15%	5%
Underperform: potential return is >15% below the current price	0%	0%

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