



Delta Apparel, Inc

Investor Presentation

January 2021



ESTABLISHED 2003
SALT LIFE
FISH • DIVE • SURF
Live Salty

Forward Looking Statements

- This presentation contains “Forward Looking” statements which reflect the Company's current expectations regarding future events and which involve risks and uncertainties. Although we believe that our expectations are based on reasonable assumptions, actual results could differ materially from those projected in this presentation.
- Please refer to the written materials made available to you in connection with this presentation as well as the Company’s most recent Form 10-K and other SEC filings for a more detailed discussion of some of the risks facing the Company that could affect the forward looking statements in this presentation.
- Finally, please note that any “Forward Looking” statements are made only as of the date of this presentation and the Company does not commit to update or revise these statements even if it becomes apparent that any projected results will not be realized.

Delta Apparel: Key Highlights

- Leader in the on-demand, digital print market, revolutionizing the apparel supply chain to consumers
- Aspirational lifestyle brand, Salt Life, with accelerating direct-to-consumer business
- Diverse sales channels and broad customer base with minimal exposure to traditional department stores
- Unique business model as a vertically-integrated apparel supplier with distribution network to service same-day ship at the piece level
- Technology-driven, supply chain partner providing customized apparel solutions for brands and retailers
- Strong balance sheet with solid liquidity and flexible capital structure

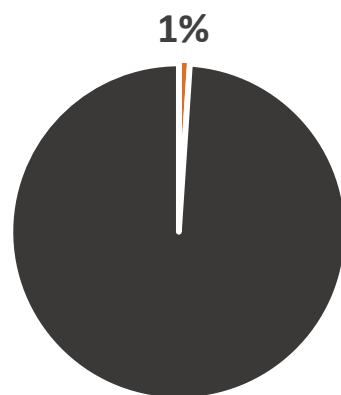


- Only vertically-integrated supplier of on demand, digitally printed garments in the world
 - Eliminates non-value-added costs
 - Reduces working capital, as leverages existing inventory
- Proprietary technology managing order flow, quality control, art management, and speed to consumer optimization
 - Allows rapid scalability of business
- Leveraging existing, long-lasting relationships with broad base of customers
 - Trusted partner for apparel needs
- Largest network of fulfillment facilities, reaching consumers quickly
 - Reduces freight costs
 - Increases customer satisfaction and loyalty

Digital Print Market Opportunity

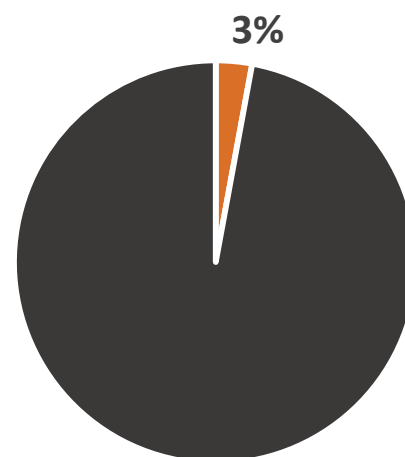
Decorated Impressions *

2018
~15 billion impressions



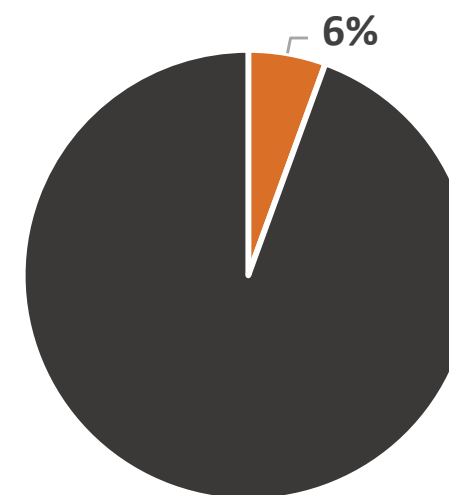
~\$0.5 billion
digital print revenue

2023
~25 billion impressions



~\$2.5 billion
digital print revenue

2028
~30 billion impressions



~\$6.0 billion
digital print revenue

■ Digital ■ Screen & Other

* Grandview Research projects 11% CAGR in global decorated apparel through 2023

On-Demand Retail Supply Chains

Brick and Mortar Challenges



On demand economy:

Keeping up with the ever-changing consumer expectations



Merchandise limitations:

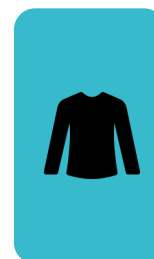
Balance between selection and excess inventory



Markdowns and excess inventory:

Significant lost margins from liquidating excess inventory

DTG2Go's Solution: On Demand DC



Consumer selection:

Limitless selections for consumers, including personalization options; never out of stock



Seamless fulfillment:

Integrated "On Demand DC" avoids split shipments, reducing freight costs and improving consumer experience



Broad supply chain:

Access to DTG2Go's network of fulfillment facilities; reduces risk in supply chain

Focus on Unit Growth

** (for illustrative purpose only)*



Basic Tee *

Print Service	\$5.00
Blank Sales	\$2.00
Total Revenue	\$7.00
Production & Overhead	\$4.00
Blank Cost	\$2.00
EBIT	\$1.00
EBIT %	14%



Fashion Tee *

Print Service	\$5.00
Blank Sales	\$3.50
Total Revenue	\$8.50
Production & Overhead	\$4.00
Blank Cost	\$3.50
EBIT	\$1.00
EBIT %	12%



Fleece *

Print Service	\$5.00
Blank Sales	\$9.00
Total Revenue	\$14.00
Production & Overhead	\$4.00
Blank Cost	\$9.00
EBIT	\$1.00
EBIT %	7%

Focus on Delta Garment Utilization

** (for illustrative purpose only)*



Non-Delta *

Total Revenue	\$8.50
Production & Overhead	\$4.00
Blank Cost	\$3.50
EBIT	\$1.00
EBIT %	12%

Delta *

Total Revenue	\$8.00
Production & Overhead	\$3.90
Blank Cost	\$2.75
EBIT	\$1.35
EBIT %	17%

Delta Garment Utilization

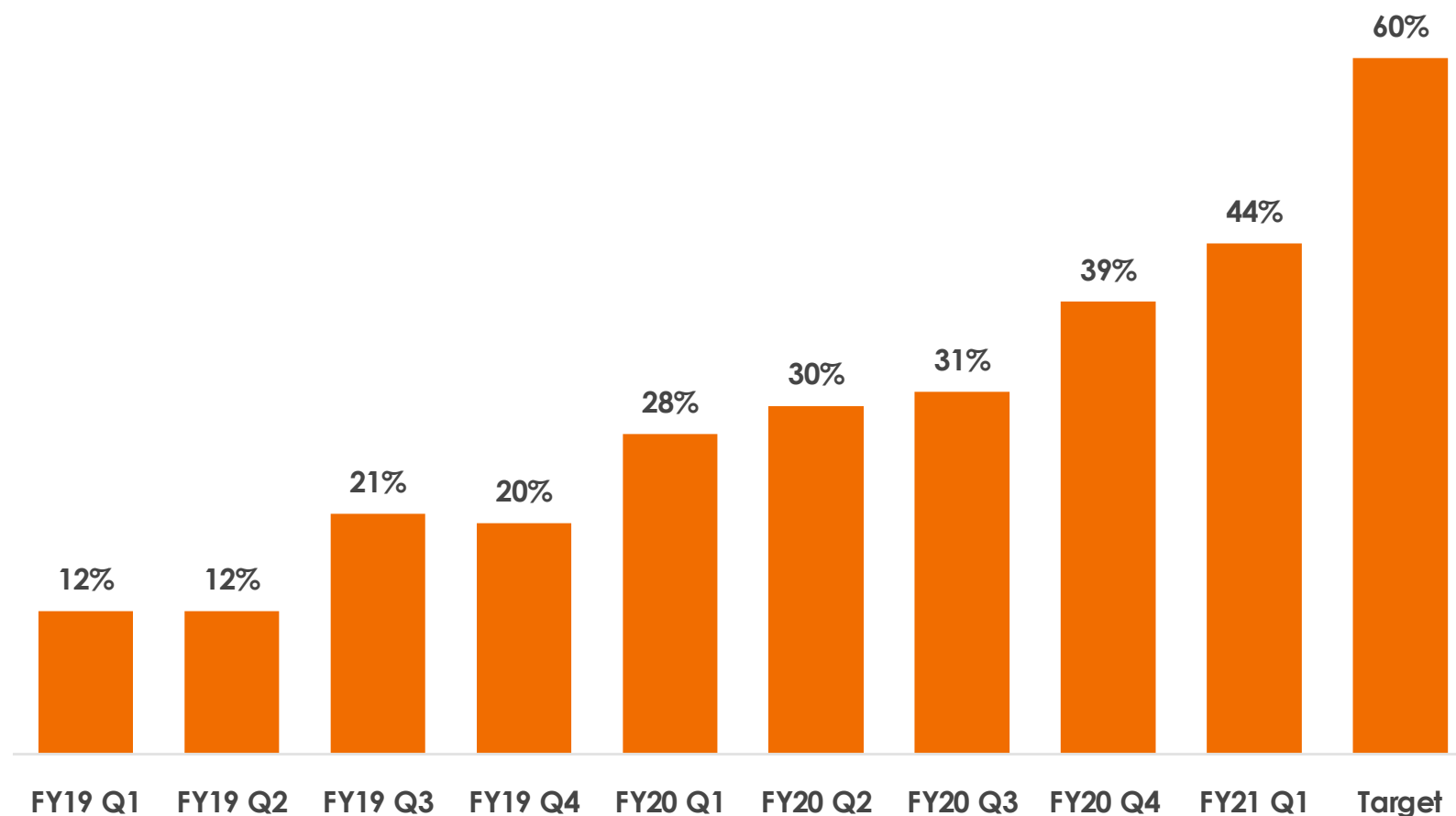
DTG2Go Competitive Advantage:

Only vertically integrated digital print supplier in the world, creating seamless supply chain

Benefits:

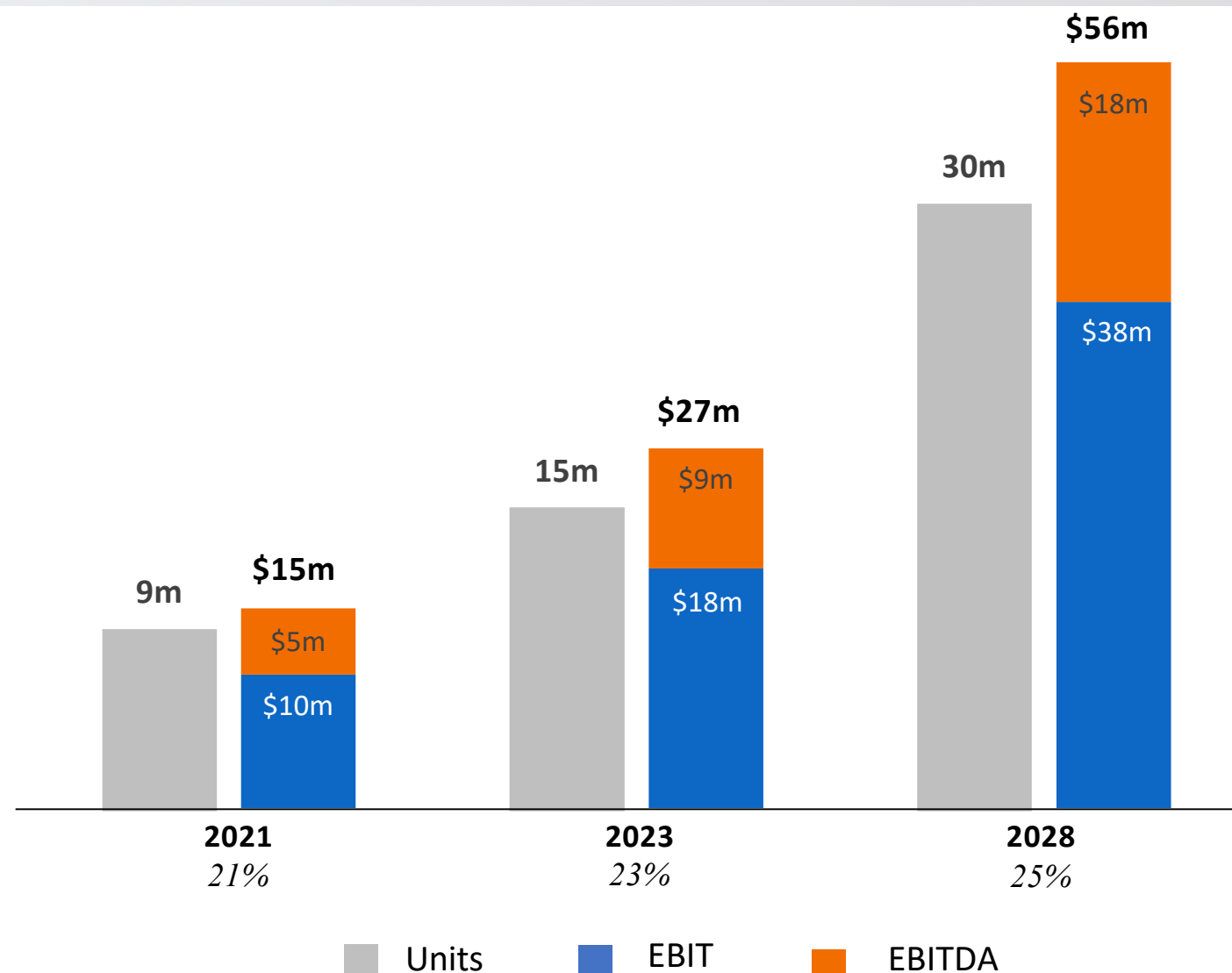
- Eliminates non-value-added costs
- Reduces price to our customers
- Creates a more efficient operation
- Lowers working capital needs in business

% Delta Garments



DTG2Go Growth Opportunity

- Partnership with retailers
- Continued growth in non-holiday business
- Expansion of footprint internationally



A woman with long brown hair and sunglasses is smiling on a boat. She is wearing a pink long-sleeved hoodie with the 'SALT LIFE' logo. The background shows a clear blue sky and turquoise water. A black flag with 'SALT LIFE' written on it is visible in the upper left.

SALT LIFE

SALT LIFE
EST 03
•LIVE SALTY•



@realsaltlife

55k Tweets
72k Followers



@realsaltlife

101k Subscribers
34,925,952 views



@livethesaltlife

1.2m Page likes
6,605 Posts



Instagram

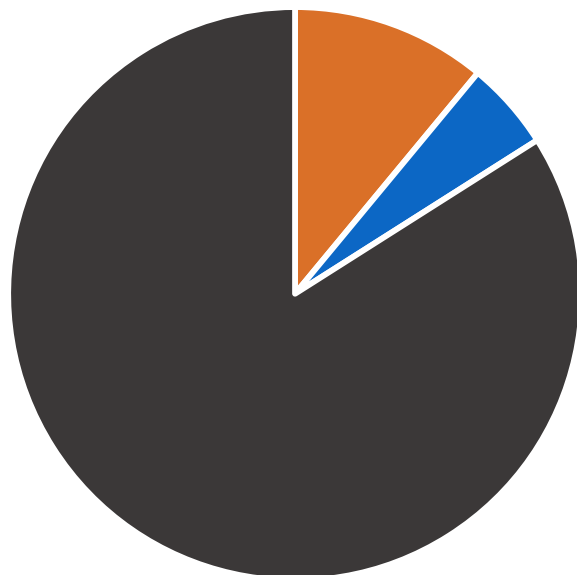
@realsaltlife

307k Followers
7,021 Posts

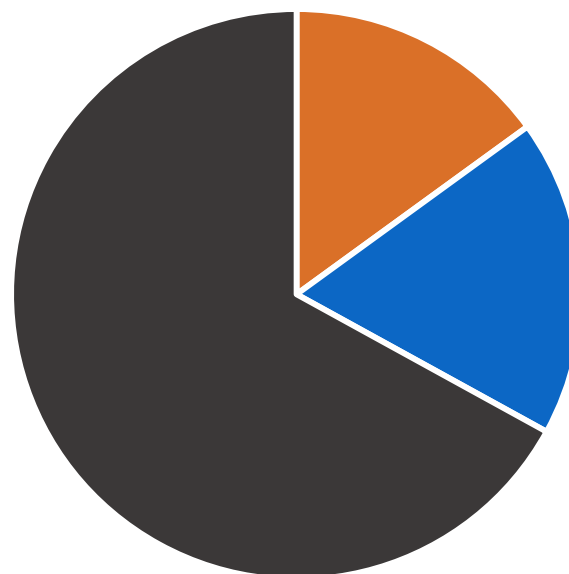


Connecting Directly with Consumers

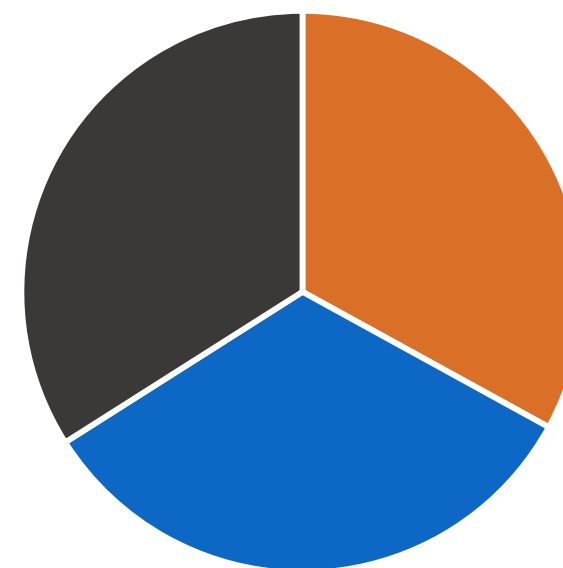
Past



Current

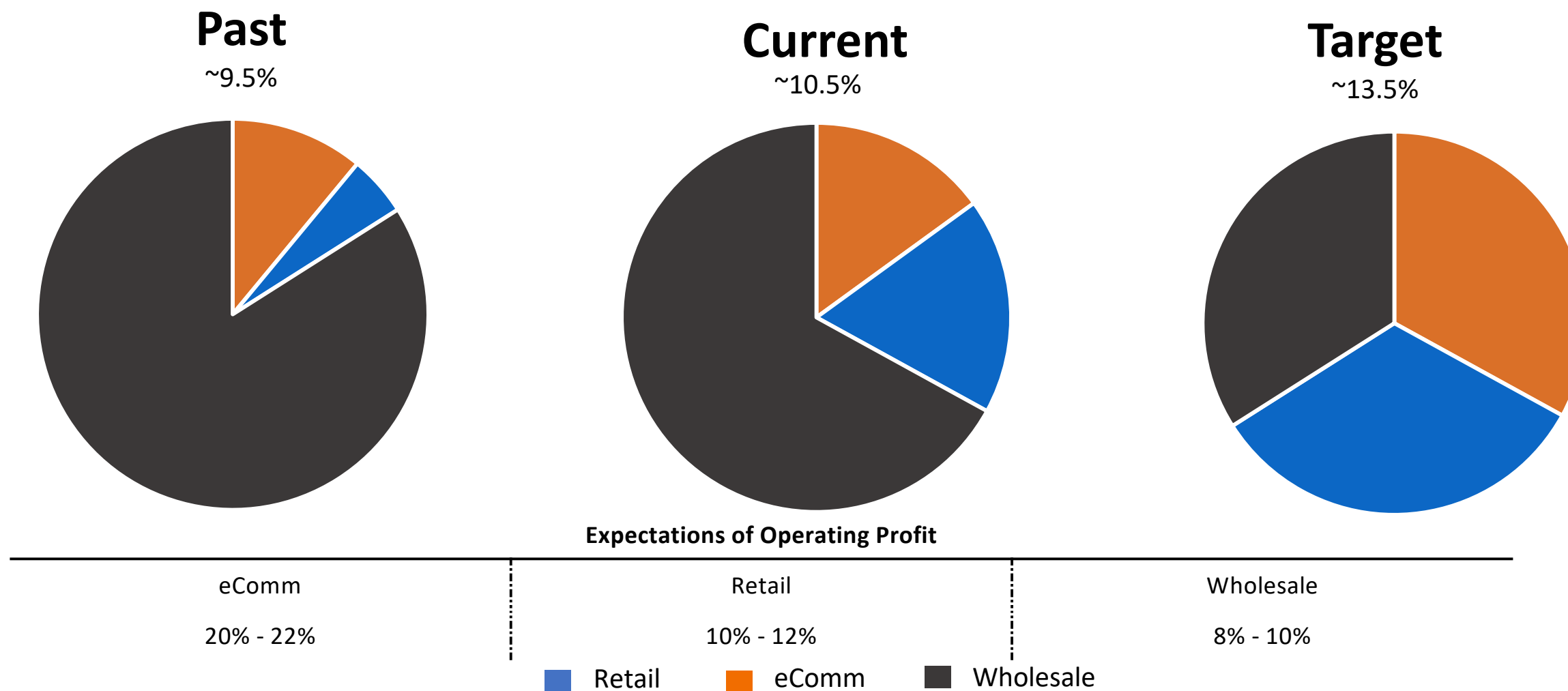


Target



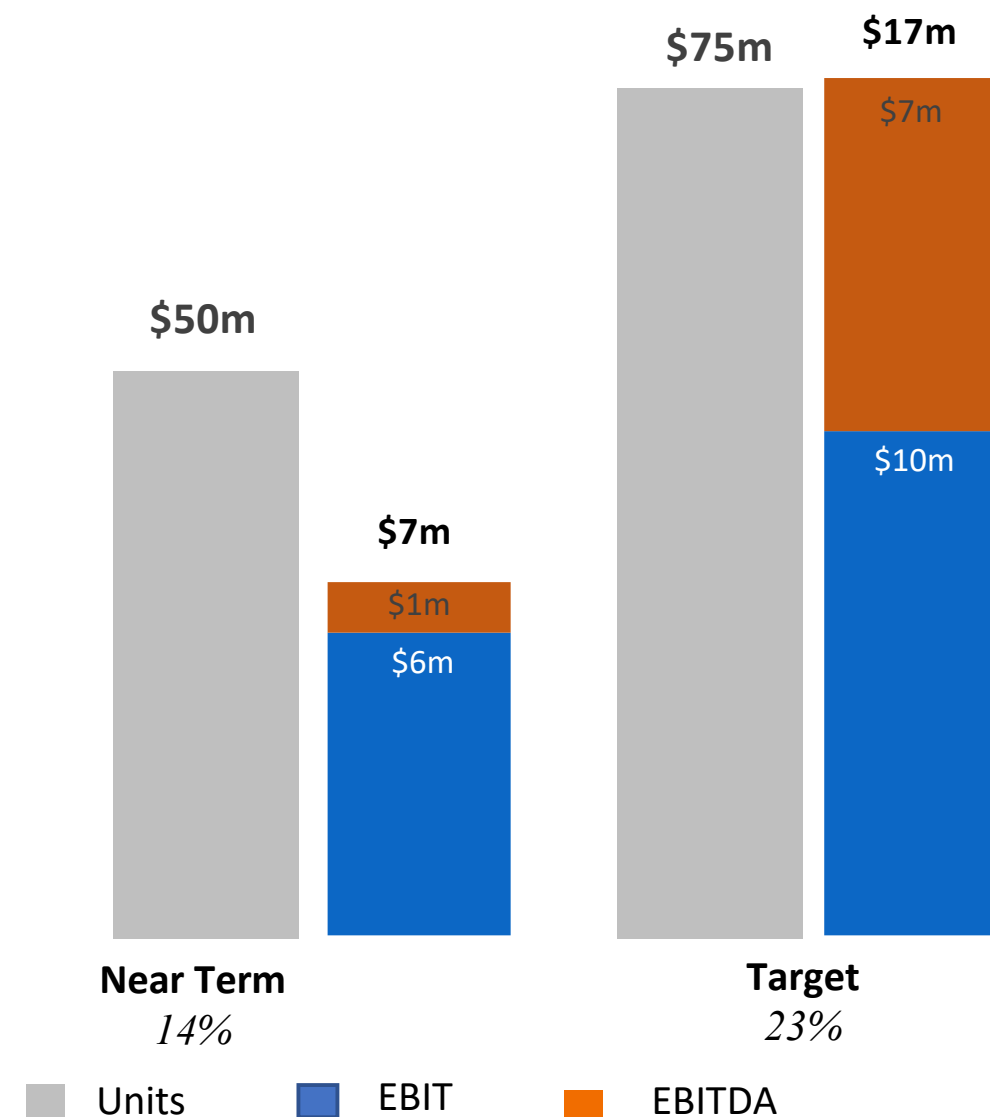
■ Retail ■ eComm ■ Wholesale

Direct-to-Consumer Profitability Expansion



Salt Life Growth Opportunity

- Focus on consumer engagement through digital and social interactions
- Expansion of Salt Life branded retail in key destination locations, approximately 3 to 4 each year
- Strategic placements of Salt Life at retail



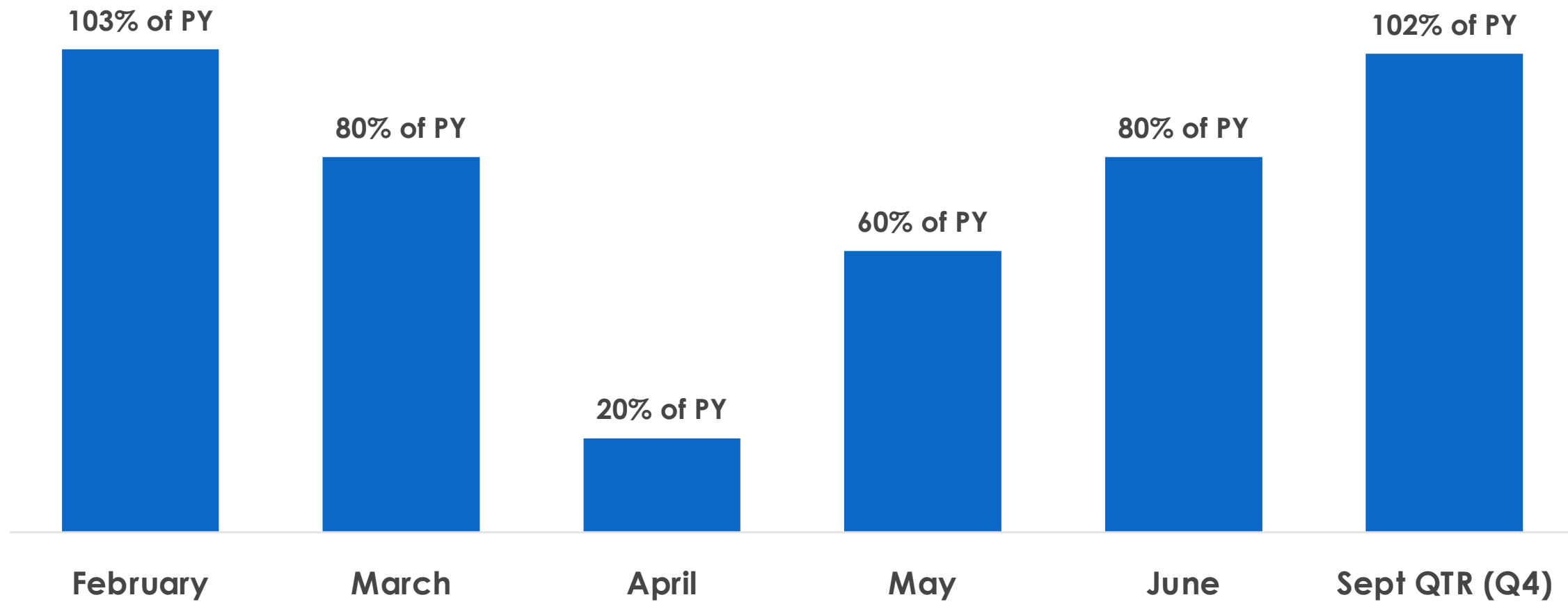
Activewear: Delta Apparel's Core Base



- Only vertically-integrated distributor of activewear apparel and accessories
- Broad product portfolio
- Strategic supply chain partner to brands and direct-to-retail
- Flexible manufacturing platform, both offshore and onshore
- 20-year history of ~5% CAGR top line and 10%+ EBITDA margins

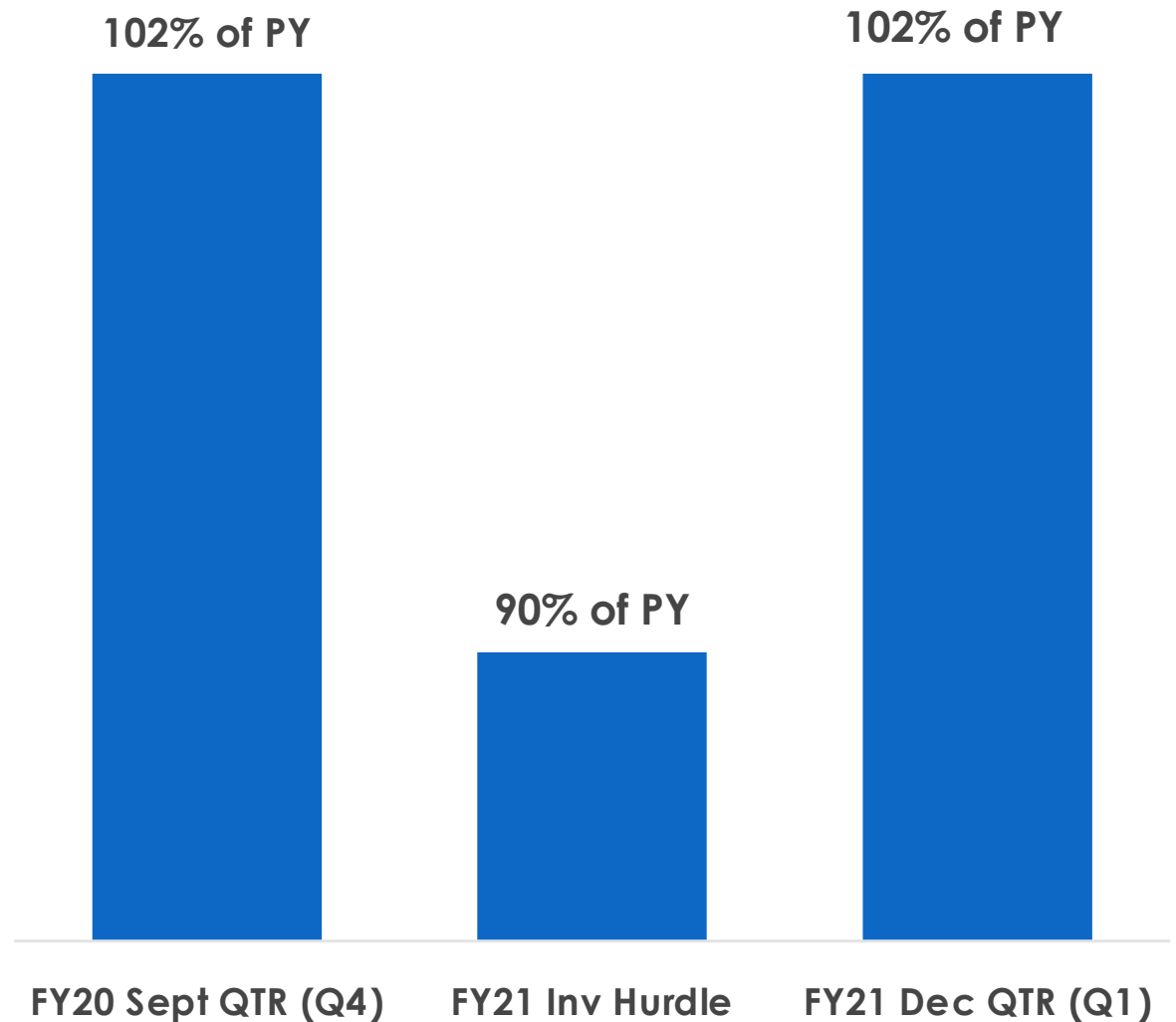
Activewear: Strong Recovery

FY20 Sales



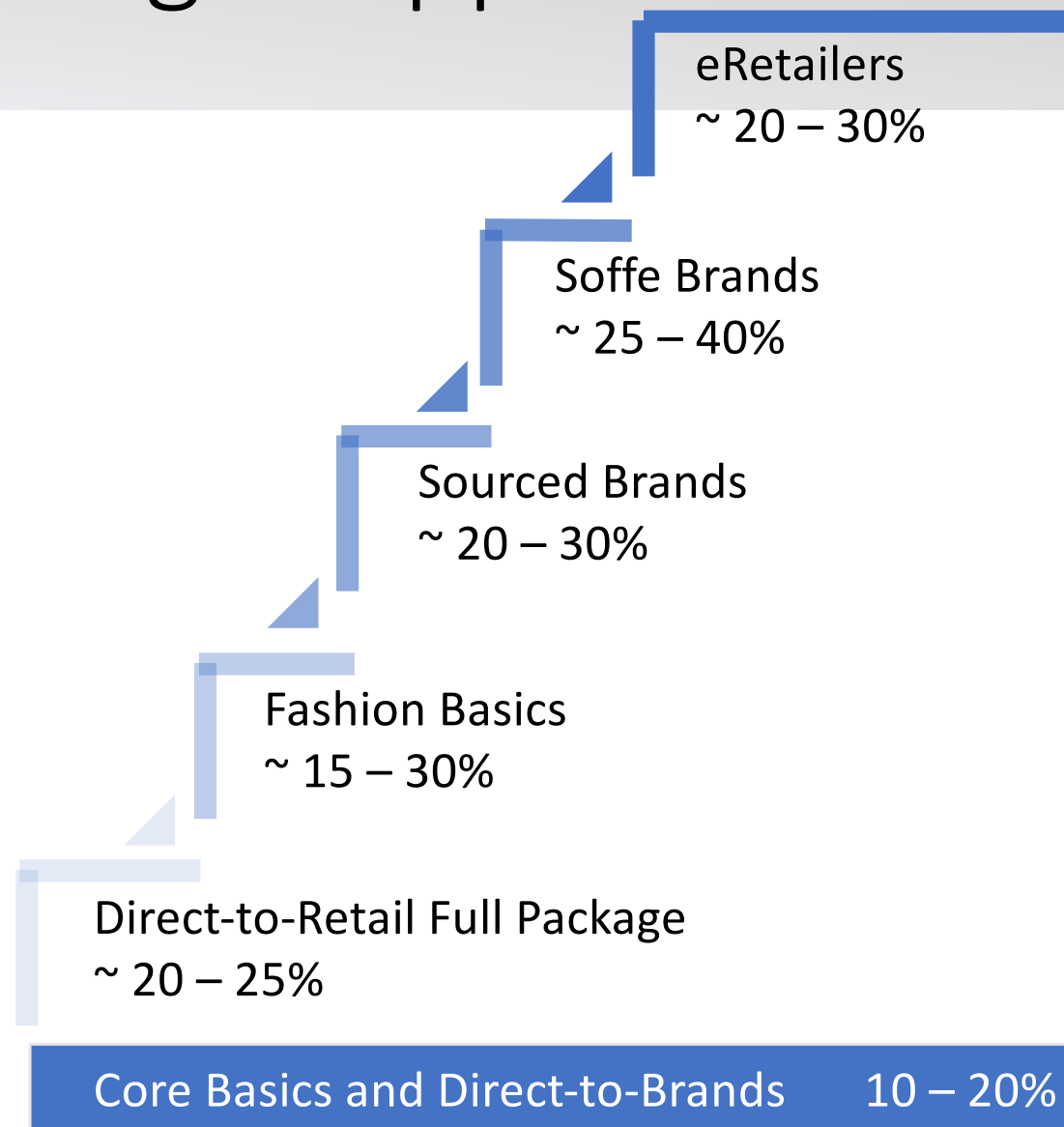
Activewear: Strong Recovery

- September 2020 finished goods inventory down:
 - ~ \$27M
- Activewear finished goods inventory turns:
 - 3x to 4x per year
- Expected hurdle to FY21 growth:
 - ~ \$7M to \$9M



Activewear Sales & Margin Opportunities

- ✓ New direct-to-retail and eRetailer programs
- ✓ Expansion of manufacturing platform to record outputs and new product capabilities
- ✓ Soffe brand re-launch with full integration within Activewear



Delta Apparel, Inc.

	<u>FY20</u>		<u>Near Term</u>
Sales	\$381M	8-10% CAGR	\$500M
Adj. EBITDA	\$28M	DTG2Go 22-24%	\$56M
Adj. EBITDA %	7%	Salt Life 14-16%	25%
		Activewear 10-12%	
Net Debt	\$122M	FCF \$10 – 15M	\$100M