



# Delta Apparel, Inc

Fireside Chat with Investors

January 2022



# FORWARD LOOKING STATEMENTS



- This presentation, related remarks, and responses to questions may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect the Company's current expectations regarding future events and 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. You should not unduly rely on forward-looking statements.
- 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 that could cause actual results to differ materially from those indicated in the forward-looking statements.
- Finally, please note that any forward-looking statements are made only as of the date of this presentation and the Company expressly disclaims any obligation to update or revise these statements after the presentation to reflect additional events or circumstances or the occurrence of unanticipated events, except as may be required by law.

# DELTA APPAREL, INC.



Public Company  
June 2000



Salt Life  
Exclusive License  
December 2010



Salt Life  
Acquired  
August 2013



COAST  
Coast Apparel  
Acquired  
August 2016



Launch of  
Salt Life Beer  
June 2018



Salt Life Beer  
To License Mode  
2021



COAST  
Coast  
Divestiture  
September 2021

2000 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021



Art Gun, LLC  
Acquired  
December 2009



DTG2Go  
Acquired  
March 2018



SSI  
Acquired  
October 2018



Soffe integrated  
into Activewear  
June 2021



Autoscale  
Acquired  
June 2021

# STOCK COMPARISON



From July 3, 2000 to January 4, 2022



# KEY HIGHLIGHTS



- One-of-a-kind vertically-integrated supply chain with same-day ship at the piece level
- Leader in the rapidly growing on-demand digital print market
- Aspirational lifestyle brand, Salt Life, with expanding direct-to-consumer business
- Technology-driven supply chain partner known for quality service
- Numerous well developed sales channels and broad customer base
- Strong commitment to sustainability
- Strong balance sheet with solid liquidity and flexible capital structure

# VERTICALLY-INTEGRATED SUPPLY CHAIN



## Delta Direct



## Brand Direct



## Retail Direct



PRODUCTS

- Delta
- Delta Platinum
- Soffe
- Sourced brands

- Custom garments
- Supply chain partner

- Delta
- Delta Platinum
- Soffe
- Retail brands

- Delta
- Delta Platinum
- Soffe
- Sourced brands
- Other Brands

- Salt Life
- Delta Sourced
- Decals
- Sourced Fashion
- Sourced Accessories
- Licensed Restaurants
- Licensed Beer

CHANNELS

- Retail license
- Regional screenprint
- ASI / Promotional
- eRetailers
- Team dealers

- Global & regional brands
- US Military

- Brick and mortar retailers
- eCommerce

- eRetailers
- eCommerce platforms
- Brands
- Retailers
- IP Holders

- Retailers
- Wholesalers
- eCommerce



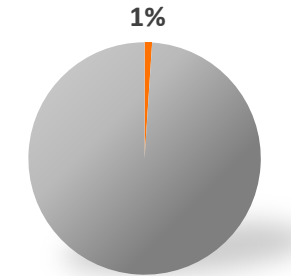
# MARKET LEADER IN ON-DEMAND DIGITAL PRINT & FULFILLMENT



# DIGITAL PRINT MARKET OPPORTUNITY

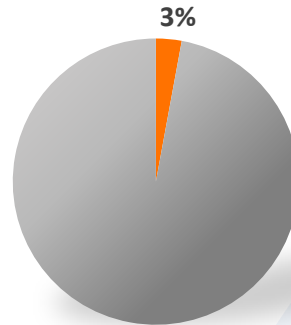
## Decorated Impressions \*

**2018**  
~15 billion impressions



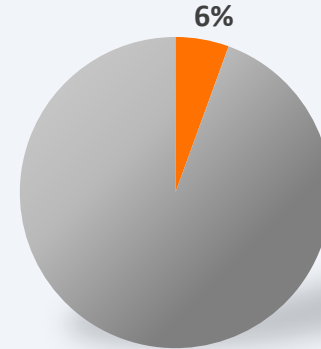
**~\$0.5 billion**  
**digital print revenue**

**2023**  
~25 billion impressions



**~\$2.5 billion**  
**digital print revenue**

**2028**  
~30 billion impressions



**~\$6.0 billion**  
**digital print revenue**

Digital Screen & Others

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



# ON-DEMAND SOLUTIONS FOR BRANDS AND RETAILERS

## Brick and Mortar Challenges



### On Demand Economy:

- Keeping up with the ever-changing consumer expectations
- Negative impact of stock outages



### Merchandise limitations:

- Balance between selection and excess inventory; working capital requirements
- Product consistency across omni-channel sales opportunities
- Integration across eCommerce and retail doors for product returns and replenishments



### Markdowns and excess inventory:

- Significant lost margins from liquidating excess inventory

## DTG2Go's "Digital First" Retail Solution



### 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
- Retail packaging, including UPCs allow consumers a seamless eCommerce to retail door experience
- "Digital-first" model offers indistinguishable quality across production methods: digital, hybrid, screenprint



### Broad supply chain:

- Access to DTG2Go's network of 9 fulfillment facilities; reduces risk in supply chain

Salt Life



# SOCIAL MEDIA

SaltLife



Instagram-Logo  
<https://logoloo>

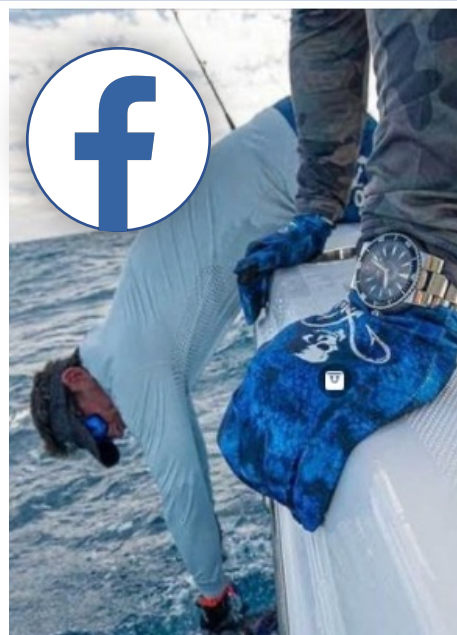
56k Tweets  
73k Followers

@realsaltlife



107k Subscribers  
40,060,409 Views

@realsaltlife



1.2m Page Likes  
6,635 Posts

@livethesaltlife



322k Followers  
8,093 Posts

@realsaltlife

# DIRECT-TO-CONSUMER PROFITABILITY EXPANSION

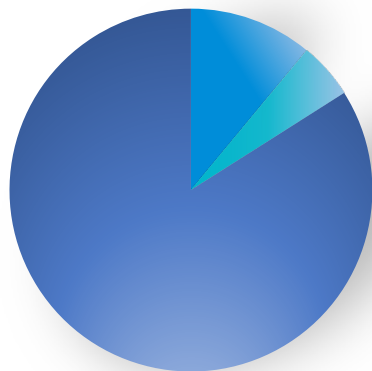


*% of Sales by Channel*

## Expectations of Operating Profit

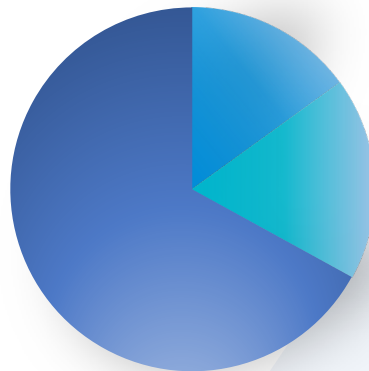
eCommerce	Retail	Wholesale
20% - 22%	10% - 12%	8% - 10%

**Past**



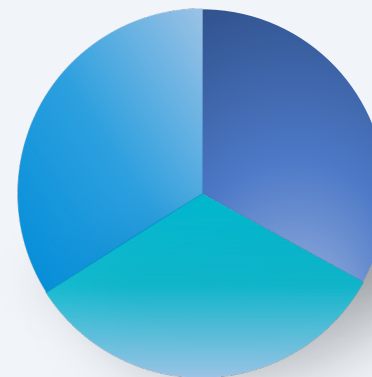
**~9.5%**  
Operating Profit

**Current**




**~10.5%**  
Operating Profit

**Target**



**~13.5%**  
Operating Profit

 Retail    eCommerce    Wholesale

# COMMITMENT TO SUSTAINABILITY



## Safe Chemistry

Water-based biodegradable inks that are 100% non-hazardous



## Responsible Sourcing

Over 90% of garments created with U.S. cotton



## Monitoring Progress

Delta has reduced fuel and electricity consumption at Ceiba Textiles by more than 15% on an annualized basis over the last three years



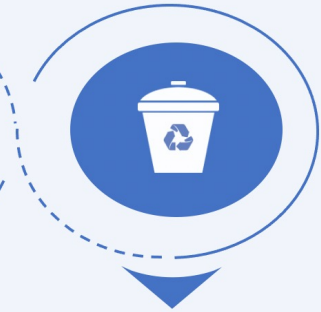
## Energy Efficiency

In FY2020, identified and implemented strategies to reduce annual electricity usage in certain operating areas by ~25%



## Managing Water

Over 90% of water consumption at Ceiba Textiles in FY2020 was safely and effectively treated and recycled



## Reducing Waste

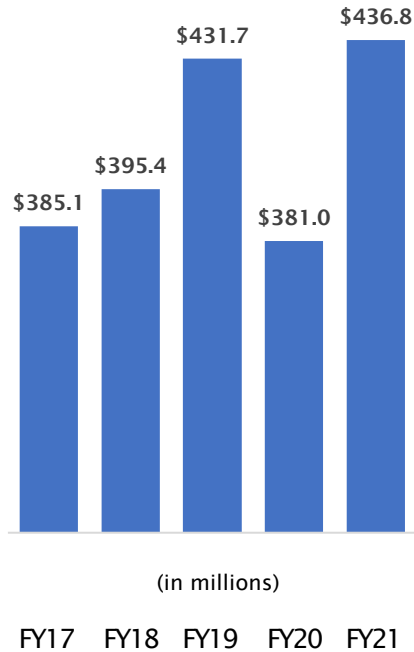
In FY2020, Delta recycled ~70% of the waste generated from offshore manufacturing operations



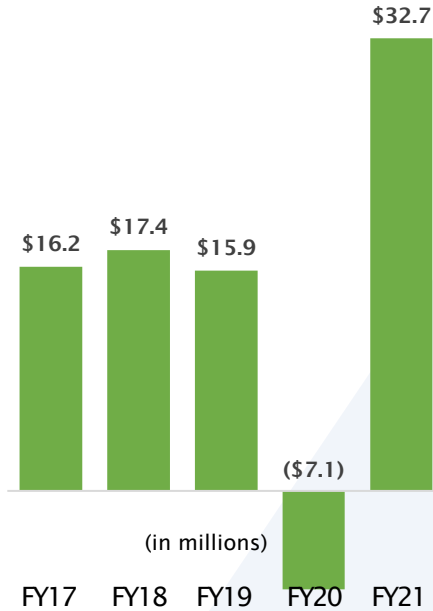
# STRONG GROWTH



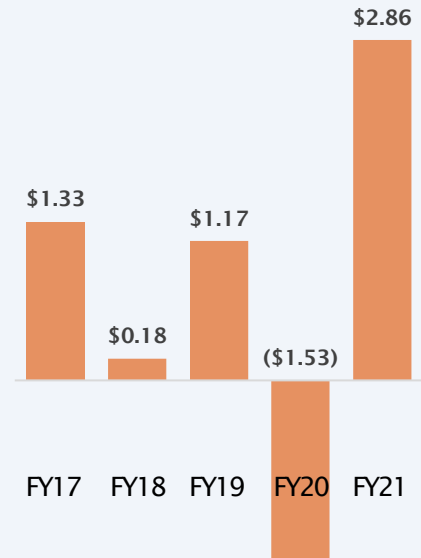
## Sales



## EBIT



## EPS



# FY21 REFLECTIONS



Gross Margin

23.3%

Operating  
Income

\$32.7m

Diluted EPS

\$2.86

Operating  
Cash Flow

\$25.5m

Liquidity

\$45.3m

## Capital Allocation

Reinvest in the business

Share repurchase program



# NON-GAAP RECONCILIATION



	Fiscal 2021		Fiscal 2020	
	GAAP Measure	GAAP Measure		Non-GAAP Measure
	Reported <sup>(1)</sup>	Reported	COVID-Related Expenses <sup>(1)</sup>	Adjusted *
Gross Profit	101,880	68,375	14,700	83,075
Gross Margins	23.3%	17.9%	3.9%	21.8%
Operating Income	32,711	(7,075)	25,200	18,125
Operating Income Margins	7.5%	(1.9%)	6.6%	4.8%
Net Earnings (Loss) Attributable to Shareholders	20,296	(10,577)	19,152	8,575
Diluted Net Earnings (Loss) per Common Share **	\$2.86	(\$1.53)	\$2.73	\$1.22

\* Adjusted results are financial measures that are not in accordance with GAAP and exclude the above normalized adjustments. See below for a discussion of each of these adjustments.

\*\* Reported earnings per share are calculated based on diluted weighted average shares of 7,093 thousand shares and 6,922 shares for fiscal years 2021 and 2020, respectively. Adjustments and adjusted earnings per share are calculated based on diluted weighted average shares of 7,093 thousand shares and 7,008 thousand shares for fiscal years 2021 and 2020, respectively.

<sup>(1)</sup> Approximately \$25.2 million of expenses associated with the impacts from the COVID-19 pandemic and primarily related to the curtailment of manufacturing operations (\$11.9 million), incremental costs to right size production to new forecasted demand (\$2.6 million), increased accounts receivable and inventory reserves related to the heightened risks in the market as the U.S. continues its recovery (\$6.6 million), and other expenses (\$4.1 million).



# Delta Apparel, Inc

Q & A

