



DELTA APPAREL, INC.

NYSE AMERICAN: DLA

INVESTOR PRESENTATION

MARCH 13, 2023

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 our 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 our most recent Form 10-K filed with the United States Securities and Exchange Commission (SEC) on November 21, 2022, 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 we expressly disclaim 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. – CORPORATE TIMELINE



**Public Company
June 2000**

Acquisitions: 2003 to 2007

- 2003 – Oct M.J. Soffe Company
- 2005 – Aug Junkfood Clothing Company
- 2005 – Oct Intensity Athletics
- 2006 – Aug Ceiba Textiles
- 2006 – Oct Fun Tees



Acquisitions: 2008 to 2014

- 2008 – Mar To The Game
- 2010 – Jun The Cotton Exchange
- 2009 – Dec Art Gun
- 2010 – Dec Salt Life Exclusive License
- 2013 – Aug Salt Life



Acquisitions: 2015 to 2022

- 2016 – Aug Coast Apparel
- 2018 – Mar DTG2Go
- 2018 – Jun Salt Life Beer Launch
- 2018 – Oct SSI
- 2021 – Jun Autoscale

Divestitures: 2015 to 2022

- 2015 – Mar To The Game
- 2017 – Mar Junkfood Clothing Company
- 2021 – Sep Coast Apparel



**MANUFACTURING
REALIGNMENT**

**STRATEGIC
INITIATIVES**



DELTA APPAREL, INC. TODAY

- ▲ Five distinct go-to-market strategies
- ▲ Vertically-integrated nearshore manufacturing supply chain
- ▲ Leader in the high-growth on-demand digital print market
- ▲ Aspirational lifestyle brand, Salt Life, with expanding direct-to-consumer business
- ▲ Strong commitment to sustainability

GO-TO-MARKET STRATEGIES



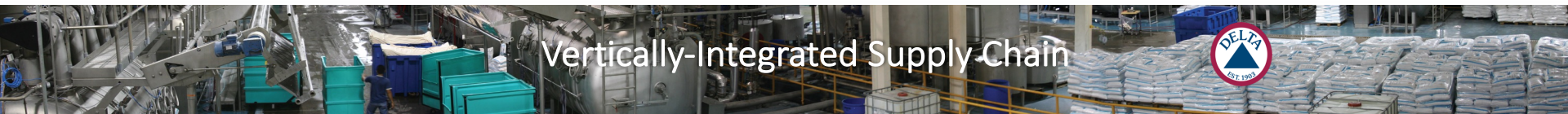
GLOBAL BRANDS

RETAIL DIRECT

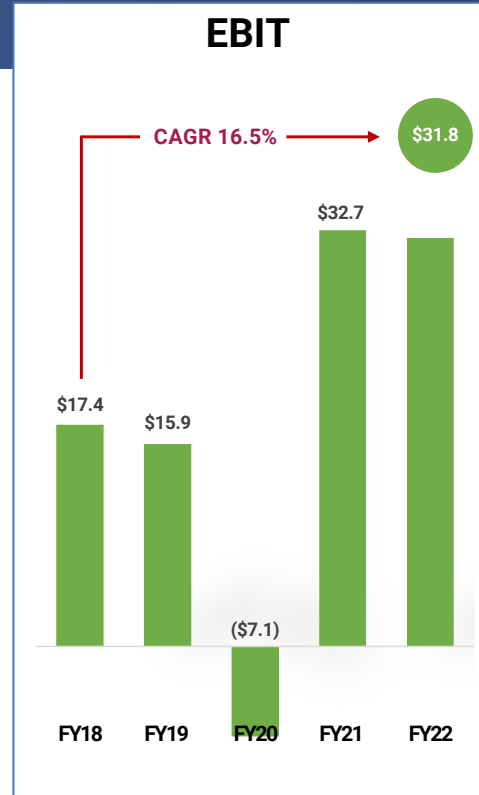
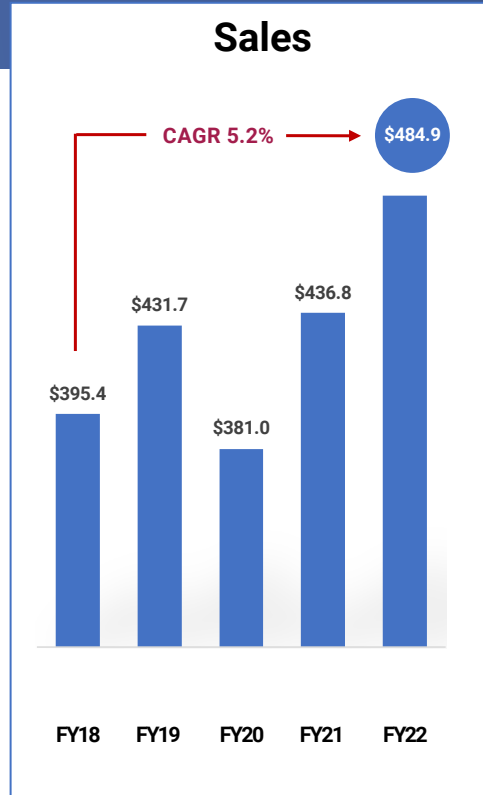
DELTA DIRECT

DELTA APPAREL, INC. – GO-TO-MARKET STRATEGIES

	Delta Direct	Global Brands	Retail Direct	DTG2Go	PRIMARY GO-TO-MARKET STRATEGIES	Salt Life
PRODUCTS/SERVICES	<ul style="list-style-type: none"> • Delta blanks • Delta Platinum • Delta Dri • Delta Soft • Soffe branded • Sourced brands 	<ul style="list-style-type: none"> • Vertically-integrated supply chain partner • Value added services • Screen print • Retail packaging • Custom garments • EDI 	<ul style="list-style-type: none"> • All Delta product lines • Soffe branded • Retail brands • Value added services • Screen print • Retail packaging • EDI 	<ul style="list-style-type: none"> • Vertically-integrated digital print and fulfillment • Custom packaging • Make on demand • Ship direct to customers 		<ul style="list-style-type: none"> • Delta sourced • Decals • Sourced fashion • Sourced accessories • Licensed restaurants • Licensed beer • Licensed home furnishings (2024)
CHANNELS	<ul style="list-style-type: none"> • Retail license • Regional screenprint • ASI / Promotional • eRetailers • Team dealers • Licensed IP holders 	<ul style="list-style-type: none"> • Global & regional brands • Major sports brands • US Military 	<ul style="list-style-type: none"> • Brick and mortar retailers • eCommerce 	<ul style="list-style-type: none"> • eRetailers • eCommerce platforms • Brands • Retailers • IP holders 		<ul style="list-style-type: none"> • Wholesale • Salt Life branded retail • Salt Life branded eCommerce • Third party licensing



DELTA APPAREL, INC. – SALES & PROFITABILITY GROWTH



CURRENT BUSINESS TRENDS

DELTA  APPAREL

Double-digit sales growth
in 4 of 5 markets



Salt Life

DTG2Go

(Sales record 1st quarter FY23)

- ▲ Double-digit growth in four of five markets to start fiscal year 2023
 - Record first quarter sales at Salt Life and DTG2Go and sales growth of 17% and ~20%, respectively
 - Double-digit sales growth in “consumer-ready” products sold directly to brands and retailers
- ▲ Continuing demand destruction for basic blank products in mass retail supply chain and other areas serviced in Delta Direct channel
 - Production curtailments ongoing throughout industry in first half of fiscal year
 - Pricing generally stable despite pressure in areas
- ▲ Increased working capital/inventory levels across industry due to demand destruction and last year’s high-cost cotton and other raw materials
- ▲ Higher interest rate environment increasing costs of working capital

CAPITAL DEPLOYMENT OPTIMIZATION INITIATIVES

OPTIMIZE COST STRUCTURE, WORKING CAPITAL, AND PROFITABILITY

Offshore manufacturing platform

- Shift portions of cost-disadvantaged Mexico production to more efficient Central America platform
- Significantly reduce externally sourced textile fabric expense
- Scale internal textile fabric production in existing Honduras facility
- Scale sew and screenprint capacity in existing Honduras and El Salvador facilities

Activewear working capital and cost structure

- Focus capital and resources on value-added “consumer-ready” product sales
- Increase inventory turns
- Leverage flexibility of vertical platform to reduce inventory levels and calibrate workforce
- Streamline SG&A expenses

CAPITAL DEPLOYMENT OPTIMIZATION INITIATIVES

OPTIMIZE COST STRUCTURE, WORKING CAPITAL, AND PROFITABILITY

DTG2Go operating model

- Consolidate legacy, single-purpose Clearwater, FL facility into existing hybrid “On-Demand DC’s” integrating digital printing with Delta Direct blank garment distribution
- Increase pricing for print services and blank garments
- Reduce ink supply costs
- Continue to drive labor efficiencies and increase production output through machine uptime improvement
- Continue to reduce machine repair and maintenance expense

CAPITAL DEPLOYMENT OPTIMIZATION INITIATIVES

IMPACTS

- Significantly reduced fixed overhead and enhanced operating efficiencies through re-aligned offshore manufacturing platform
 - Targeting annual run-rate cost savings of up to \$6 million
- Reduced working capital and SG&A expense
- Enhanced DTG2Go operating model and integration with Delta Direct vertical blank garment supply
- Path to reduced cotton/raw material price risks and improved forward sales visibility

DELTA GROUP AT A GLANCE

The Delta Group reporting segment is comprised of the two business units, Delta Activewear and DTG2Go, that primarily focuses on core activewear styles.

FY22

REVENUE: \$424.8m

GROSS MARGIN: 18.3%

SG&A: 9.9%

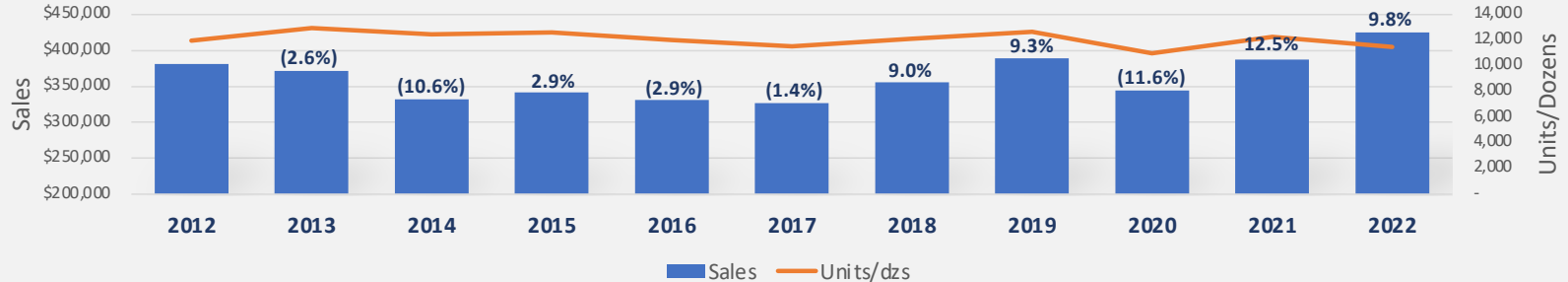
OPERATING INCOME: \$ 38.1m

EMPLOYEES: 8,028



Sales

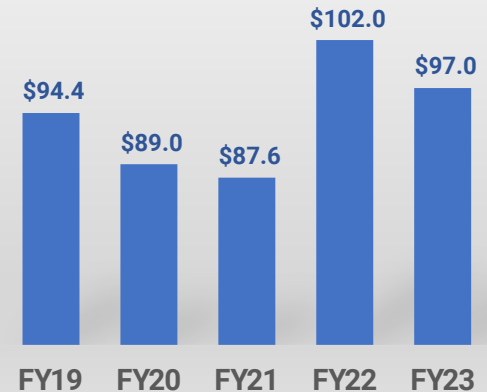
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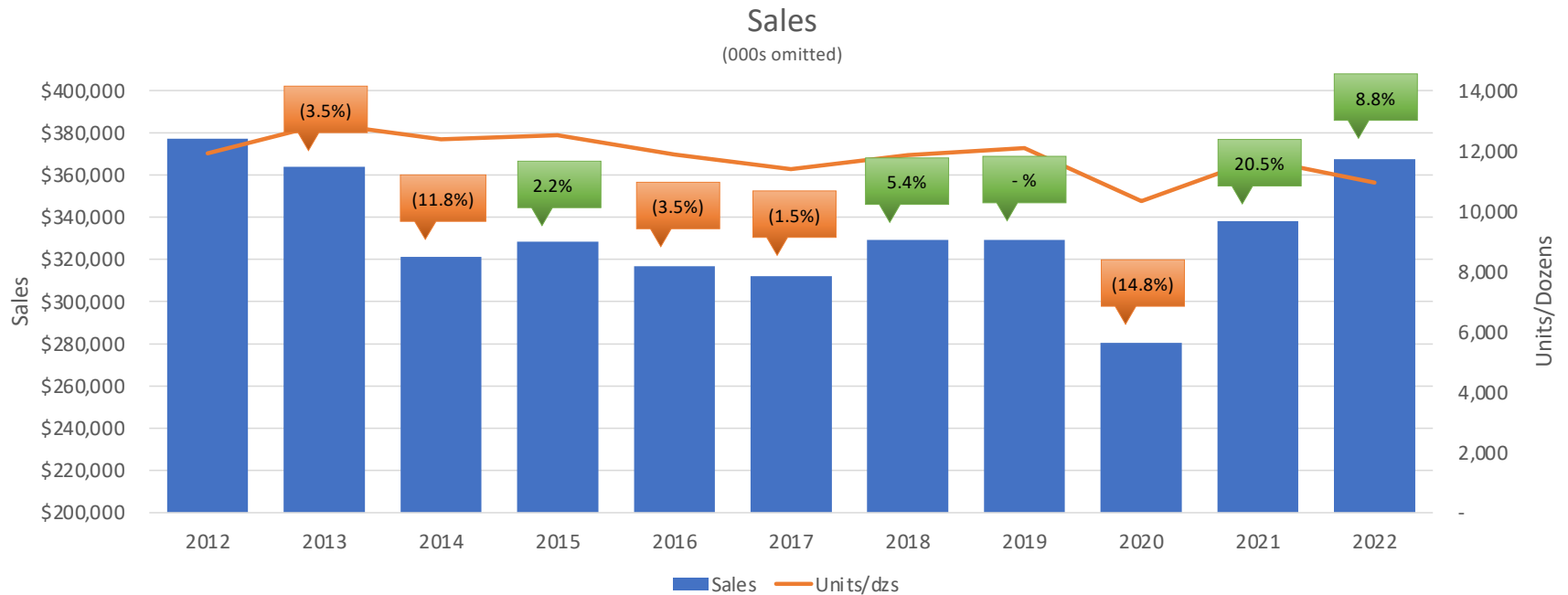
DELTA GROUP – FY23 OBJECTIVES

- ▲ Focus on inventory management
- ▲ Tight working capital controls
- ▲ Manage disrupted market channels
 - Global Brands
 - Delta Direct
- ▲ Growth in Retail Direct channel
- ▲ Execute on CDO initiatives
- ▲ Manage manufacturing capabilities
- ▲ Strong growth of DTG2Go
- ▲ Operational excellence in digital print

FY23 Q1 Revenue
Year-Over-Year
(in millions)



DELTA ACTIVEWEAR GROWTH



DELTA ACTIVEWEAR – U.S. ADDRESSABLE MARKET

Estimated at approximately \$8-10 Billion
Estimated CAGR of 6-7% for global activewear market through
2032

KEY GROWTH DRIVERS

- Casualization trend
- Fitness-conscious “athleisure” trend
- Nearshore sourcing/supply chain risk mitigation strategies
- Digital creator economy and print/fulfillment platforms like DTG2Go creating more product personalization and accessibility
- Fabric innovation

Sources: Management estimates, International Trade Administration
U.S. Department of Commerce, Future Market Insights



DELTA GROUP

A vertically-integrated platform

DTG2Go
DIGITAL PERFECTION



REDBUBBLE HOT TOPIC



Scalable Press

DELTA ACTIVEWEAR

Provides DTG2Go with unique competitive advantage through low-cost internal source of blank garments



DTG2GO

Integration with Delta Activewear through "On Demand DC" strategy gives traditional screen print customers digital option for replenishment, short-run, and quick reaction programs

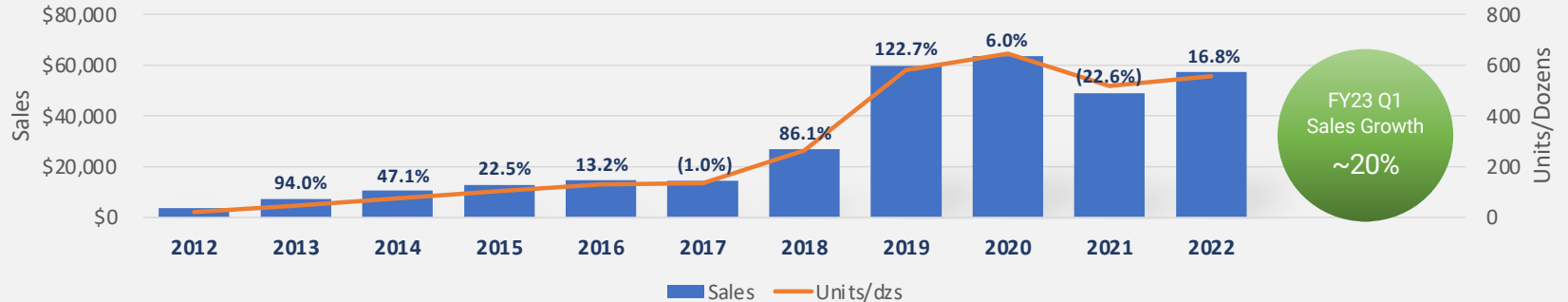
DTG2Go AT A GLANCE

Market leader in the on-demand, direct-to-garment digital print and fulfillment industry, bringing technology and innovation to the supply chain of our many customers.



Sales

(000's omitted)



DTG2GO – “FIRST MOVER” & INDUSTRY LEADER

- ▲ Largest digital direct-to-garment printer in world outside of Amazon
- ▲ Proven track record as beta tester and early adopter of digital print technology
- ▲ Market-unique “On Demand DC” integration with Delta Direct vertical platform creates “never out of stock” inventory
- ▲ Hyper local fulfillment strategy provides 1-2 day shipping across U.S. market to reduce supply chain risk
- ▲ Proprietary order flow and set-up software and processes
- ▲ Dynamic artwork management specific to production method
- ▲ Quality control systems specific to customer requirements
- ▲ Value-adding retail packaging services, including UPC’s

DTG2GO Commercial Flow



DIGITAL PRINT MARKET OPPORTUNITY

99% **1%** Digital
Screen and Other

97% **3%** Digital
Screen and Other

94% **6%** Digital
Screen and Other

Digital Impressions *

2018 ~15 billion

~\$0.5 billion digital print revenue

2023 ~25 billion

~\$2.5 billion digital print revenue

2028 ~30 billion

~\$6.0 billion digital print revenue

* Grandview Research projects 11% CAGR in global decorated apparel through 2023 and 12.8% CAGR through 2030

SALT LIFE AT A GLANCE

With increased worldwide appeal, Salt Life continues to expand its product assortment outside of the cotton graphic tees and logo decals it is known for and into performance apparel, swimwear, board shorts, sunglasses, bags, accessories, home furnishings, restaurants and beverages.

FY22

REVENUE: \$60.1m

GROSS MARGIN: 51.6%

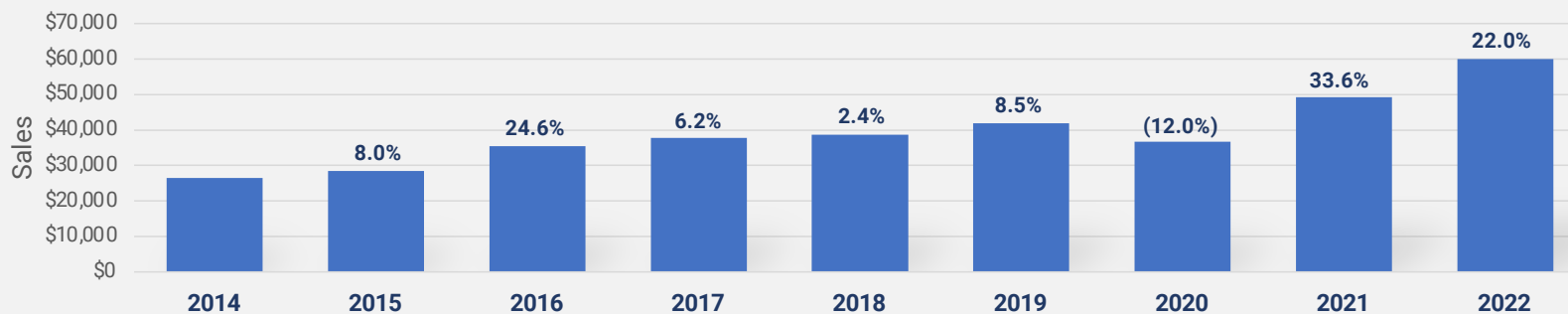
SG&A: 38.7%

OPERATING INCOME: \$7.8m

RETAIL STORES: 21 stores (7 states)



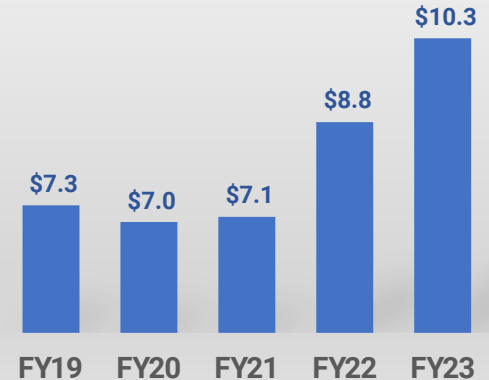
Sales
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SALT LIFE GROUP – FY23 OBJECTIVES

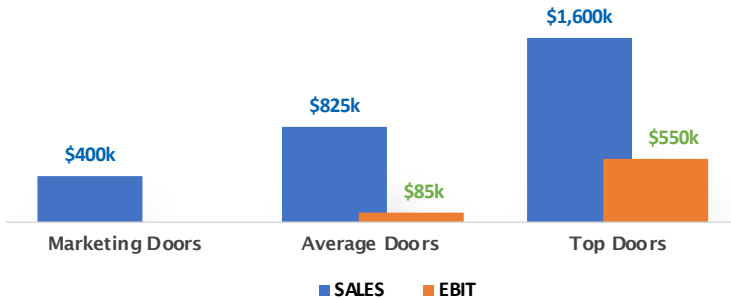
- ▲ Record revenue
- ▲ Strong growth in direct-to-consumer
 - eCommerce
 - Branded retail doors
- ▲ Double-digit operating margins
- ▲ Build consumer engagement
- ▲ Innovative digital outreach
- ▲ Licensing development

FY23 Q1 Revenue
Year-Over-Year
(in millions)



BRANDED RETAIL

FINANCIAL OVERVIEW



RETAIL DOOR OVERVIEW

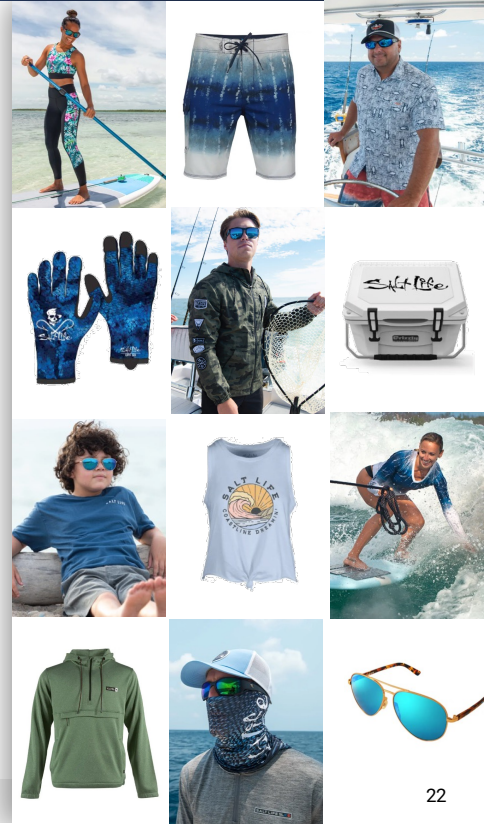
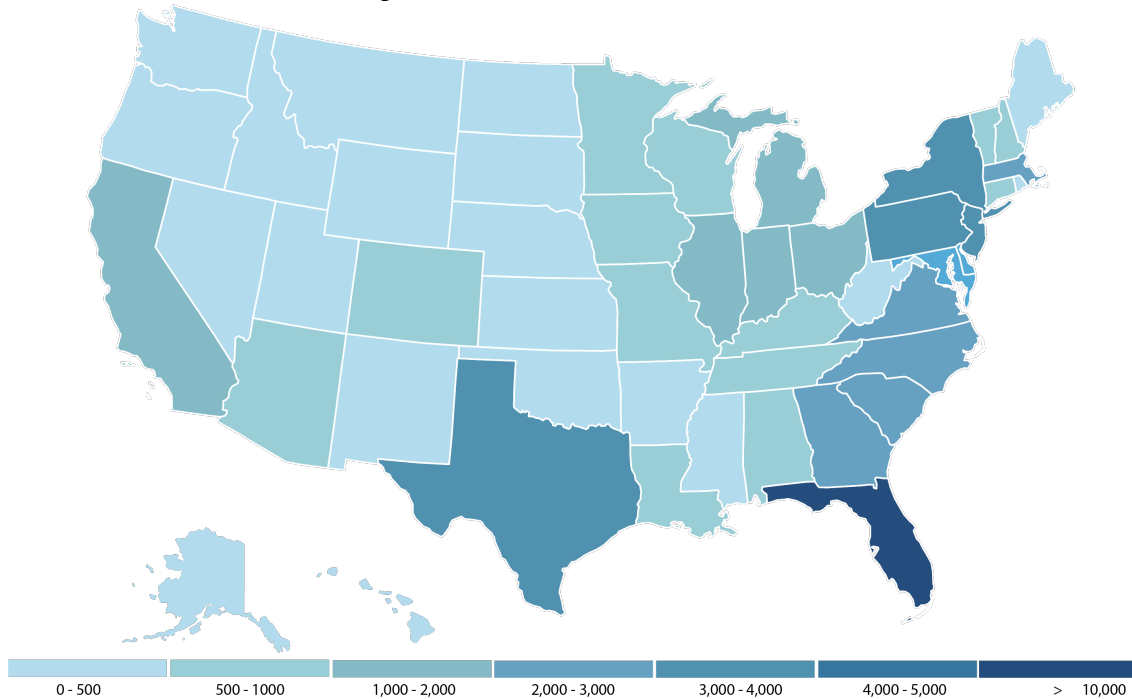
- ~ 2,000 Square feet retail space
- ~ \$450k Build out cost
- ~\$500 Average sales / sq. ft.
- ~\$100k Average inventory per store
- 6-8 Expected new doors per year

RETAIL SPACE



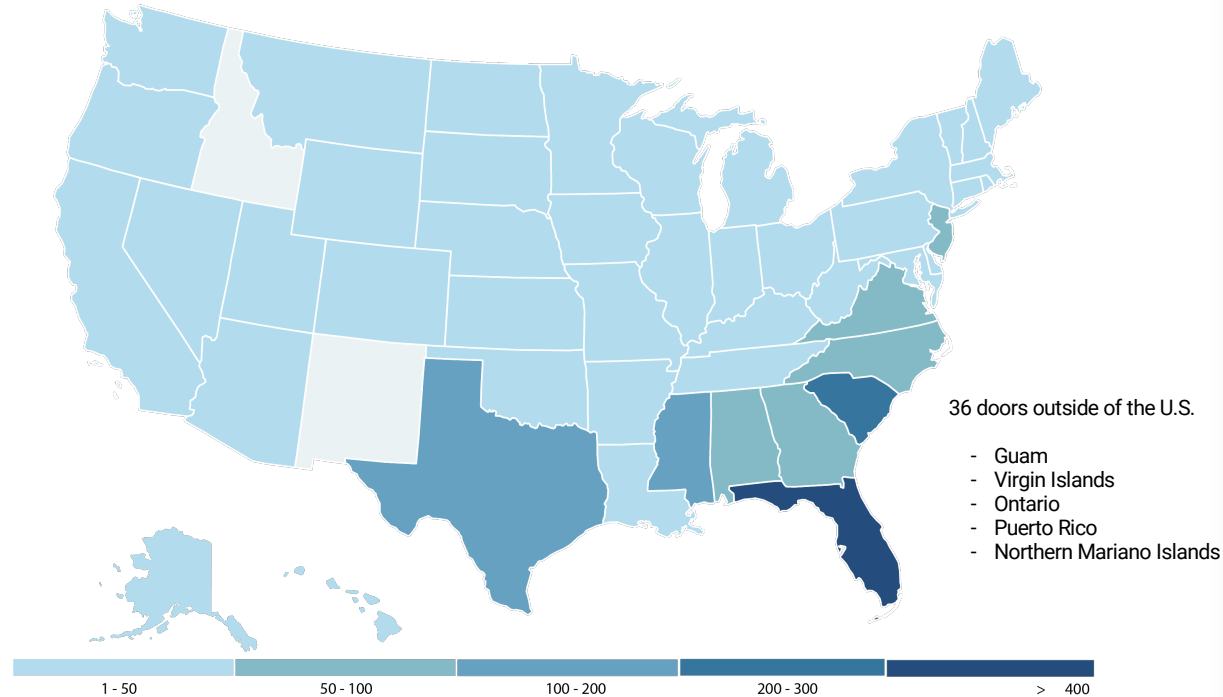
ECOMMERCE SHIPPING

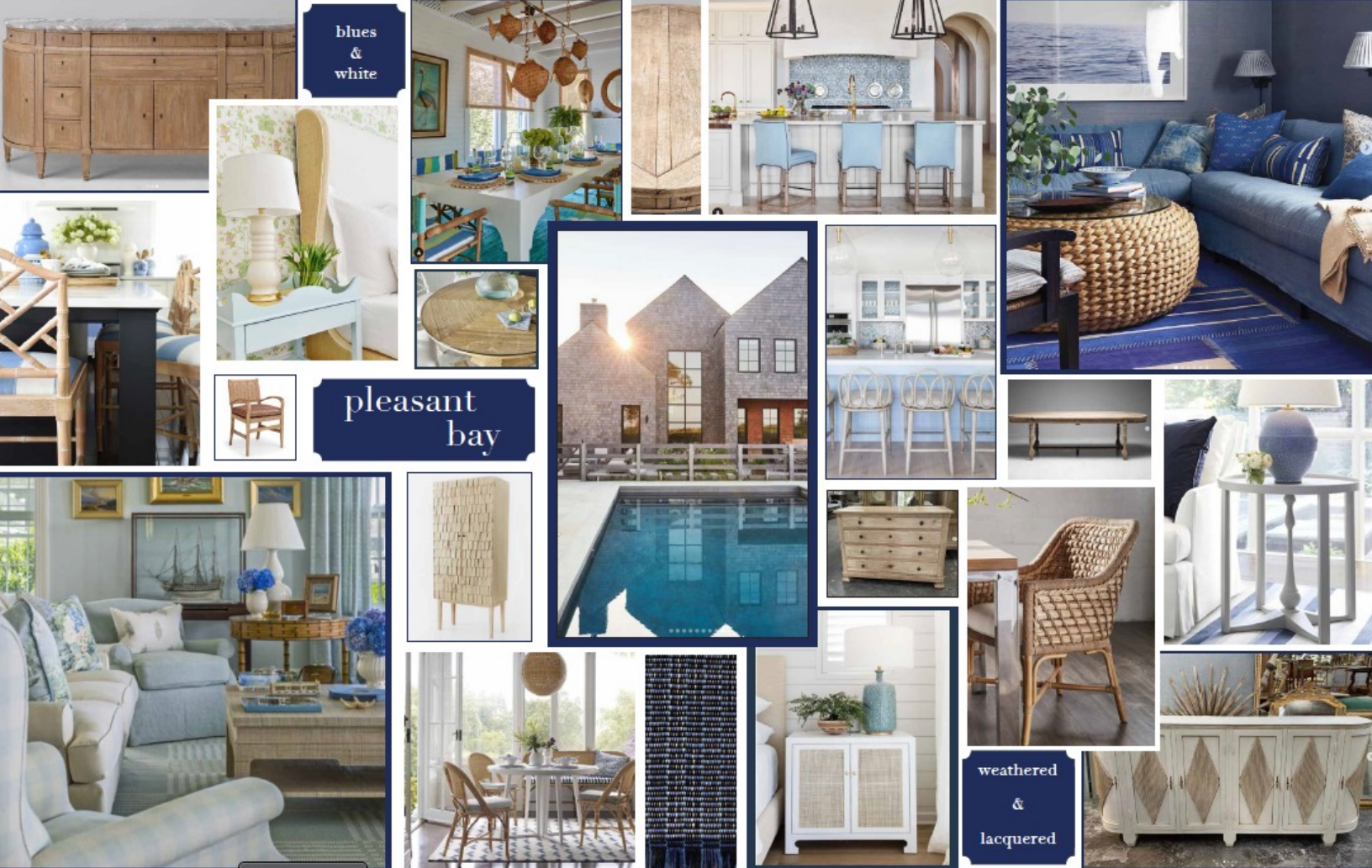
Shipments to consumers in all 50 states



WHOLESALE FOOTPRINT

~1,727 Salt Life doors across 48 states





blues
& white

pleasant
bay

weathered
&
lacquered

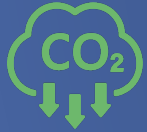
Salt Life

Home Collection

The new collection will be developed and marketed via a license agreement with Magnussen Home, an industry-leading furniture designer and manufacturer, and offer consumers across the country a wide array of coastal-inspired products for living, dining, entertainment, office, sleep and other home spaces.

Launch in 2024

DELTA APPAREL, INC. CONSERVING THE ENVIRONMENT



Baseline year: 2018

DELTA APPAREL, INC. SOCIAL RESPONSIBILITY



MEXICO / HONDURAS

Continue to support COVID-19 campaigns by donating personal protection items

MEXICO

Employees joined with the “Together We Will Win” initiative to collect and donate thousands of plastic bottle caps to recyclers



DELTA CAMPECHE

Participated in the “Campeche Turtle Project” to help save the critically endangered Hawksbill sea turtle in Mexico

DELTA CORTES

Employees installed trash cans and environmental signs and cleaned litter in an area of the Mico Quemado mountain range in Honduras

CEIBA TEXTILES

Donated a gas-powered trimmer to the Quimistán Municipal Environmental Unit for the maintenance of a reforested area in Honduras. Also participates in the annual “United for a Greener Honduras” campaign



TEXTILES LA PAZ

Employees painted the entrance of the Caserio Ojo de Agua school in El Salvador and installed four fans in two classrooms

DELTA APPAREL, INC. SOCIAL RESPONSIBILITY



SALT LIFE SUPPORTED ORGANIZATIONS

OYSTER RECOVERY PARTNERSHIP

2020 Bay Paddle, one man's epic, 203-mile journey to traverse the Chesapeake Bay by stand-up paddle board and raise awareness and funds for the Oyster Recovery Partnership (ORP) to plant 20 million new oysters in Bay waters.

To date, ORP has planted over 8.5 billion oysters in the Chesapeake Bay and restored thousands of acres of reef.



NATIONAL PEDIATRIC CANCER FOUNDATION

The National Pediatric Cancer Foundation formed the Sunshine Project, an innovative collaboration with one goal: to bring together the nation's top doctors and researchers to find a faster cure for pediatric cancer.

Since its inception, the NPCF has donated over \$30 million to research and has funded over 28 project initiatives.



ROATAN MARINE PARK

Roatan Marine Park is dedicated to the conservation of Honduras' marine and coastal ecosystems. We work closely with communities to provide education, training and improve the conservation of marine ecosystems and associated species.



MOTE MARINE LABORATORY

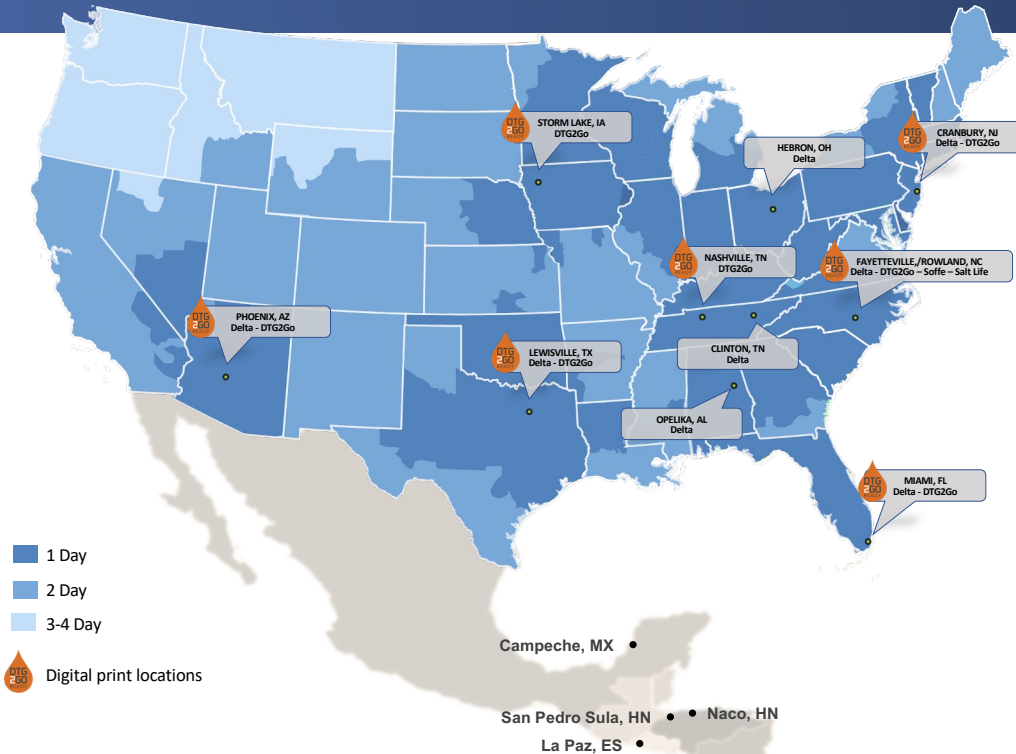
Mote has grown to encompass more than 6 campuses and 20 research and conservation programs that span the spectrum of marine science: innovative coral restoration efforts to bring Florida's Coral Reef back to life; sustainable aquaculture systems designed to alleviate growing pressures on wild fish populations; red tide research that works to inform the public and mitigate the adverse effects of red tide with novel technologies; marine animal science, conservation and rehabilitation programs dedicated to the protection of animals such as sea turtles, manatees and dolphins; and much more.





Supplemental Information

DISTRIBUTION AND FULFILLMENT NETWORK



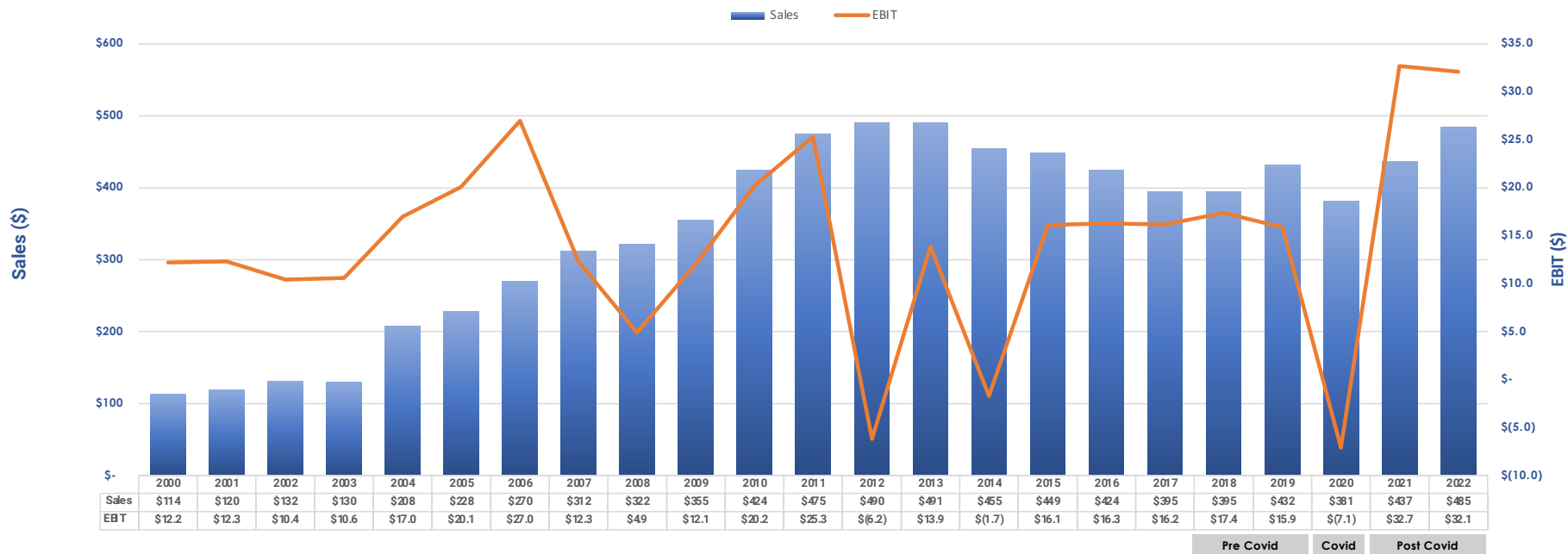
Distribution

- Clinton, TN
- Hebron, OH
- Cranbury, NJ
- Fayetteville, NC
- Lewisville, TX
- Storm Lake, IA
- Miami, FL
- Nashville, TN
- Opelika, AL
- Phoenix, AZ

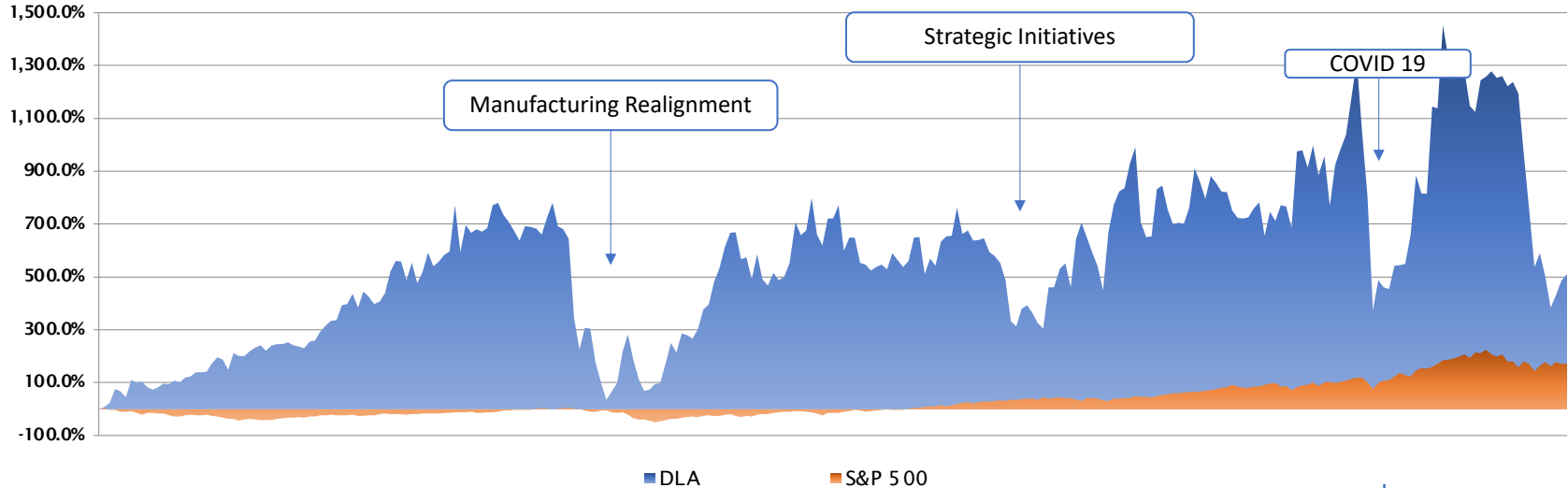
Manufacturing

- Fayetteville, NC
- Rowland, NC
- Naco, Honduras
- Campeche, Mexico
- La Paz, El Salvador
- San Pedro Sula, Honduras

DELTA APPAREL, INC. – HISTORICAL GROWTH



DLA STOCK PERFORMANCE



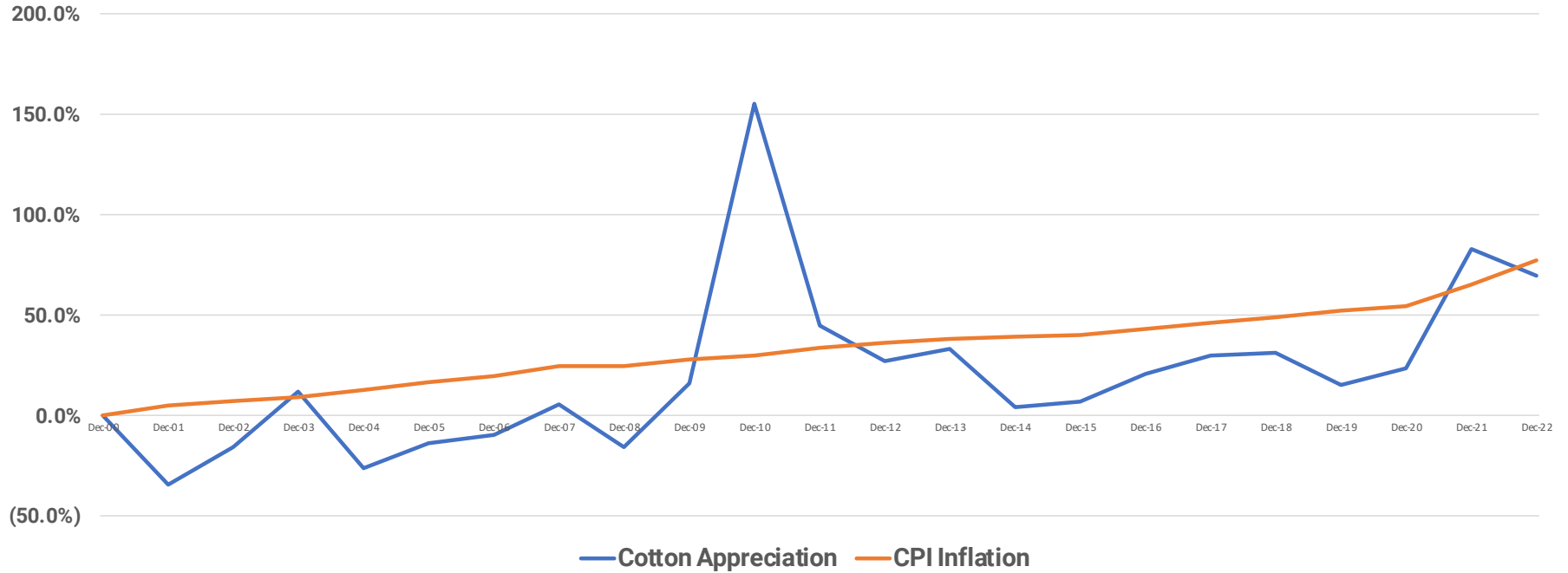
DLA
\$2.19

Average Monthly Volume

DLA
\$13.36



COTTON VS. CPI INFLATION





Thank You



DELTA APPAREL, INC.

NYSE AMERICAN: DLA

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