



Fiscal 2023



Delta Apparel, Inc.

Annual Meeting
of Shareholders

February 20, 2024

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 December 28, 2023, our most recent Form 10-Q filed with the SEC on February 13, 2024, 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.

BUSINESS OVERVIEW

KEY DRIVERS OF FY23 RESULTS

- Entered year with historically high cotton costs and slowing demand
 - Elevated inventory levels and supply chains
 - Weakening consumer demand
 - Post COVID consumer behavior
- Made strategic decision to buy less cotton and reduce production to match lower demand
- 1H more challenging than industry anticipated and originally expected improving results/return to profitability in 2H
- Demand destruction initially seen in mass retail supply chain eventually impacted other channels, with overall severity greater than industry expectations
- Slower sell-through and more extensive production curtailment significantly impacted profitability throughout year:
 - ~\$26m in excess cotton cost above 10-year average impacting COGS
 - ~\$8m in production curtailment expenses impacting COGS

BUSINESS OVERVIEW

KEY DRIVERS OF FY23 RESULTS

- Capital Deployment Optimization Plan designed to enhance cost structure and working capital long-term
 - Implementation costs of ~\$3.9m for FY23 (employee severance and non-cash expenses)
 - Expect ongoing annual cost savings and efficiencies of ~\$6m upon return to normalized production levels
- Strong 1H growth in DTG2Go digital print business dampened by Fanatics business reset in 2H
- Strong growth in Salt Life business impacted in 2H by high inventory levels in wholesale channel
- Higher interest rate environment continued to increase cost of working capital

CAPITAL DEPLOYMENT OPTIMIZATION (CDO) PLAN

ENHANCE COST STRUCTURE, OPTIMIZE WORKING CAPITAL, AND REGAIN PROFITABILITY

Simplify manufacturing footprint

- Relocate cost-disadvantaged Mexico production to more efficient Central America platform
- Eliminate third party textile fabric expense
- Scale textile fabric production in existing Honduras facility
- Scale sew and screenprint capacity in existing Honduras and El Salvador facilities
- Consolidate legacy DTG2Go print facility in Clearwater, FL into existing hybrid “On-Demand DCs” combining digital printing and Delta Direct blank garment supply

Manage working capital

- Focus capital and resources on value-added “consumer-ready” product sales
- Increase inventory turns
- Leverage production flexibility of vertical platform to reduce overall inventory levels

CAPITAL DEPLOYMENT OPTIMIZATION (CDO) PLAN

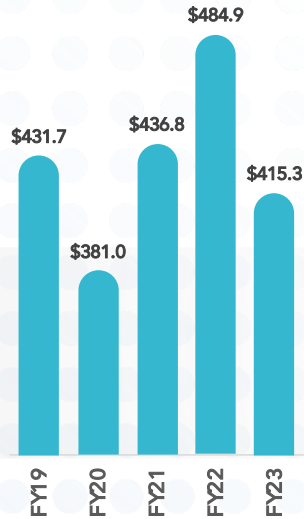
CDO PLAN PROGRESS

- Complete transition of Mexico production to Central America by end of Q2 FY24
- Increased textile fabric production and sew/screenprint capacity in Central America
- Legacy DTG2Go printing facility closed and capacity absorbed into “On-Demand DC” footprint
- Inventory levels continue to sequentially reduce - \$196.3m at December 2023 (~24% reduction from December 2022)

SALES & PROFITABILITY PERFORMANCE

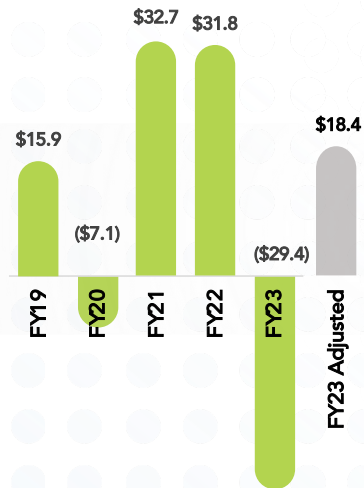
Sales

(in millions)

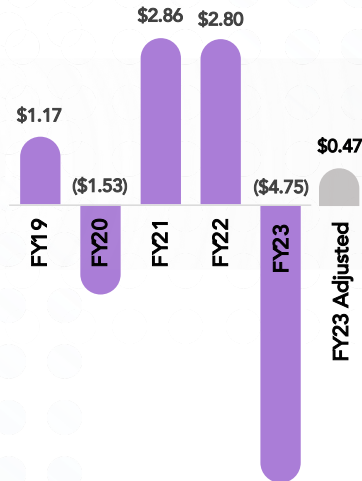


EBIT

(in millions)

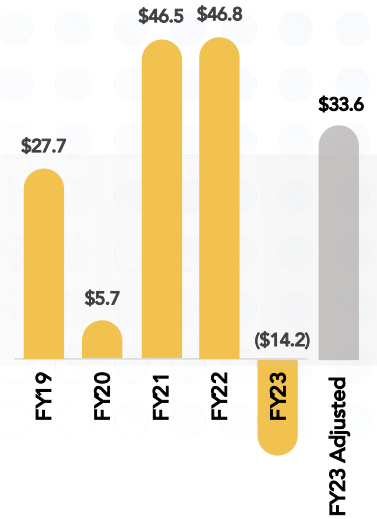


EPS



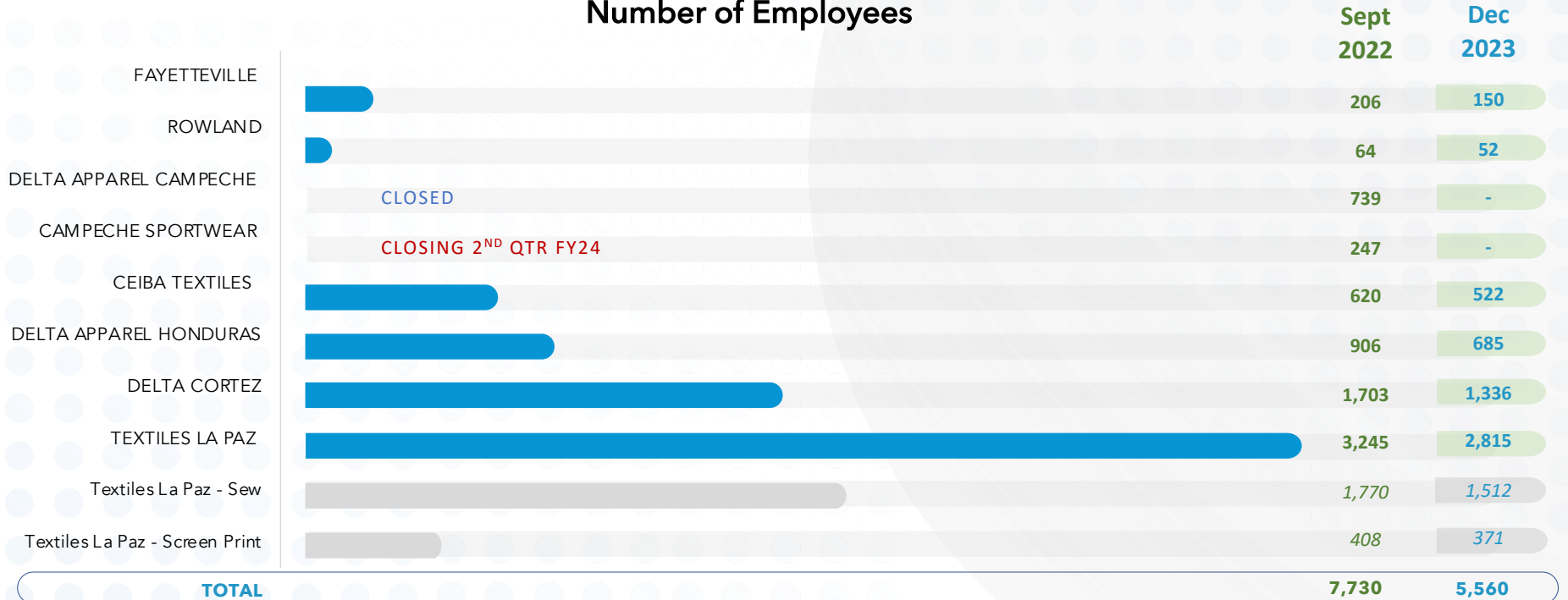
EBITDA

(in millions)

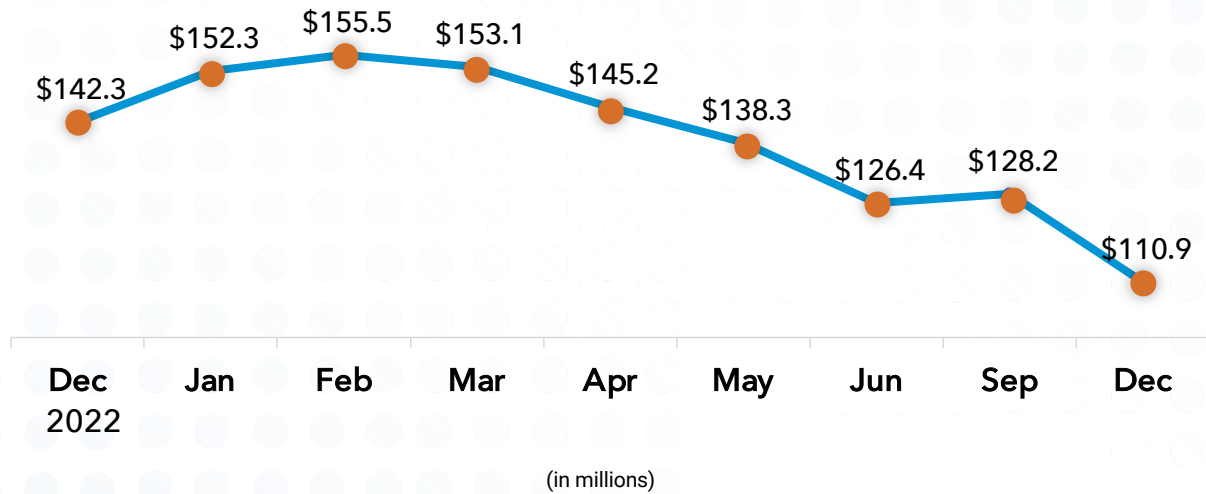


MANUFACTURING PLATFORMS

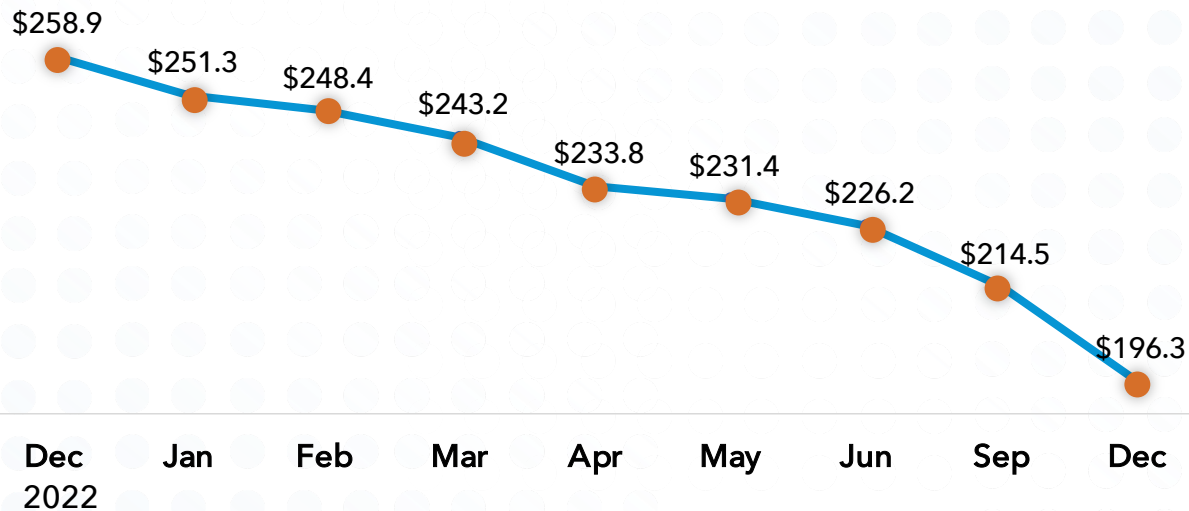
Number of Employees



U.S. REVOLVER DEBT



INVENTORY



(in millions)

INTEREST

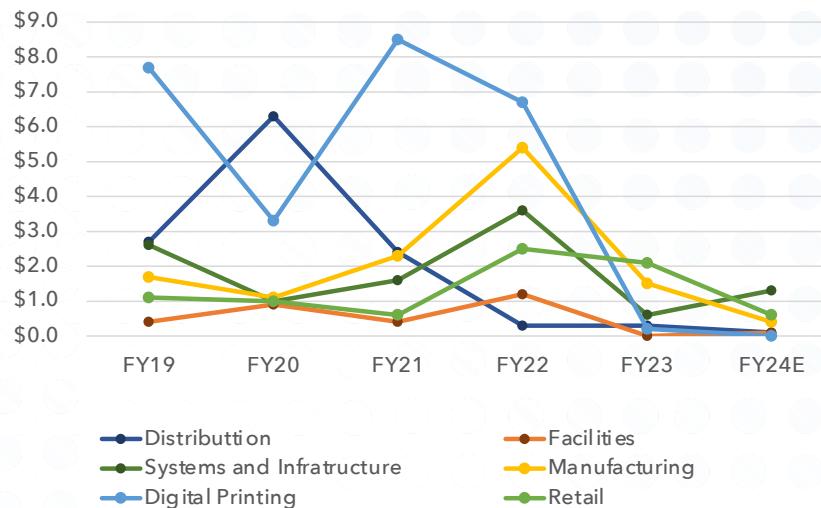


(in millions)

CAPEX INVESTMENT

(in millions)	FY19	FY20	FY21	FY22	FY23	FY24E
Distribution	\$2.7	\$6.3	\$2.4	\$0.3	\$0.3	\$0.1
Facilities	0.4	0.9	0.4	1.2	-	0.1
Sys and Infrastructure	2.6	1.0	1.6	3.6	0.6	1.3
Manufacturing	1.7	1.1	2.3	5.4	1.5	0.4
Digital Printing	7.7	3.3	8.5	6.7	0.2	-
Retail	1.1	1.0	0.6	2.5	2.1	0.6
TOTAL	\$16.2	\$13.6	\$15.8	\$19.9	\$5.5	\$2.4

CAPEX Investment
(in millions)



DLA STOCK PERFORMANCE



AT A GLANCE

DELTA GROUP



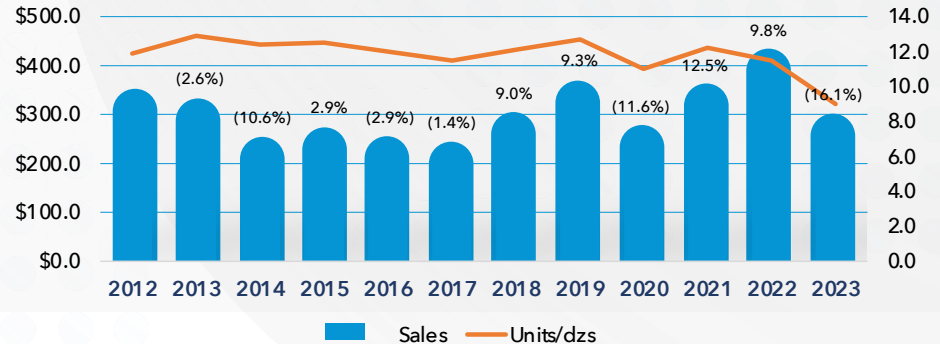
Delta Group is comprised of the two business units, Delta Activewear and DTG2Go, that primarily focus on core activewear styles.

FY23

- REVENUE: \$356.3m
- GROSS MARGIN: 6.1%
- SG&A: 10.7%
- OPERATING INCOME: (\$26.1)m



Sales
(in millions)



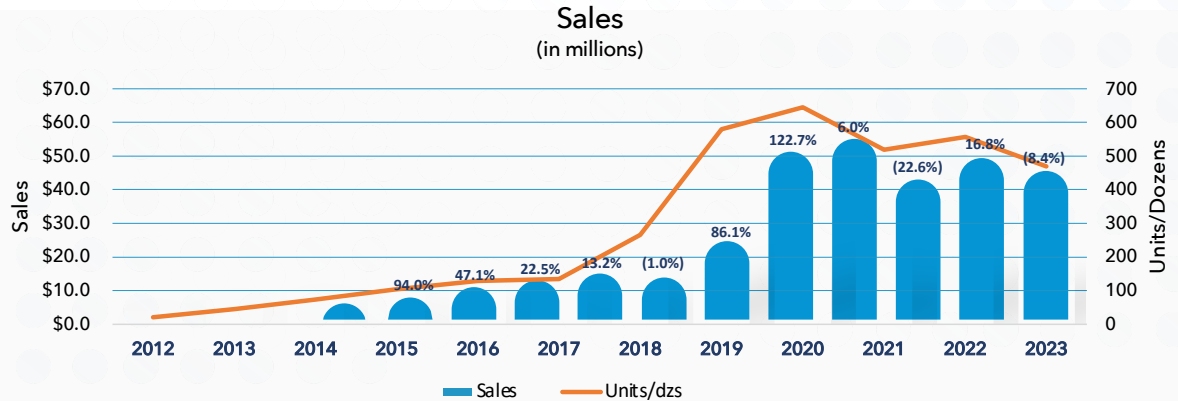
AT A GLANCE

DTG2Go

DTG
2GO
READY

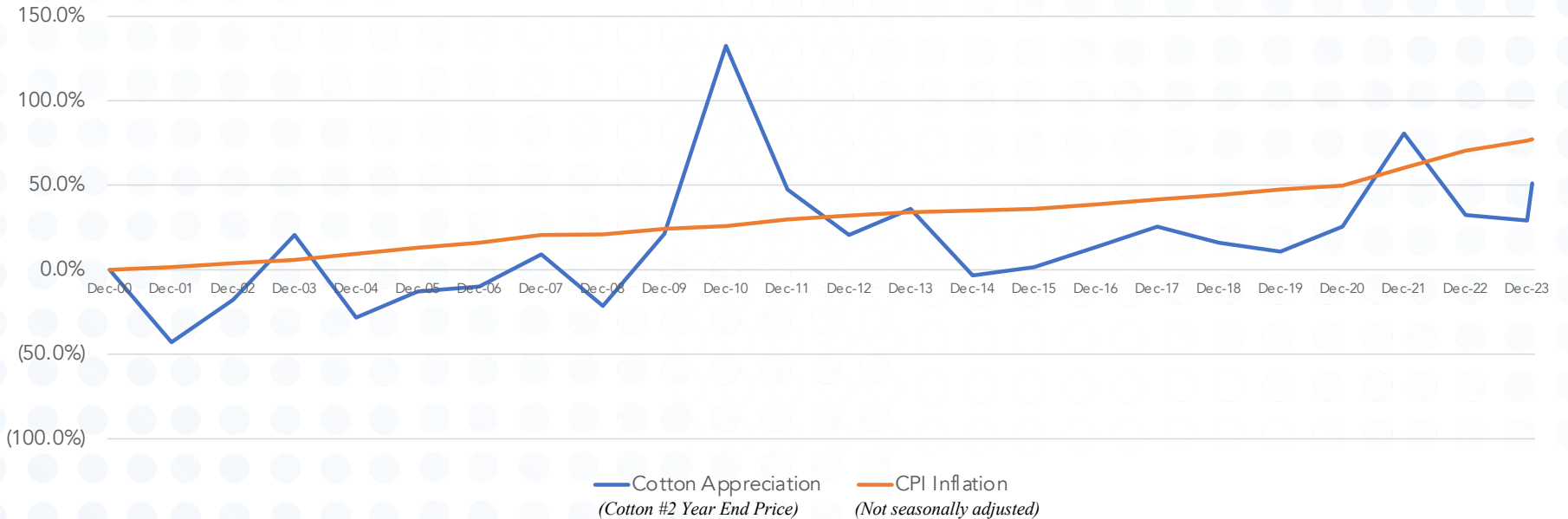
DTG2Go

A 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.



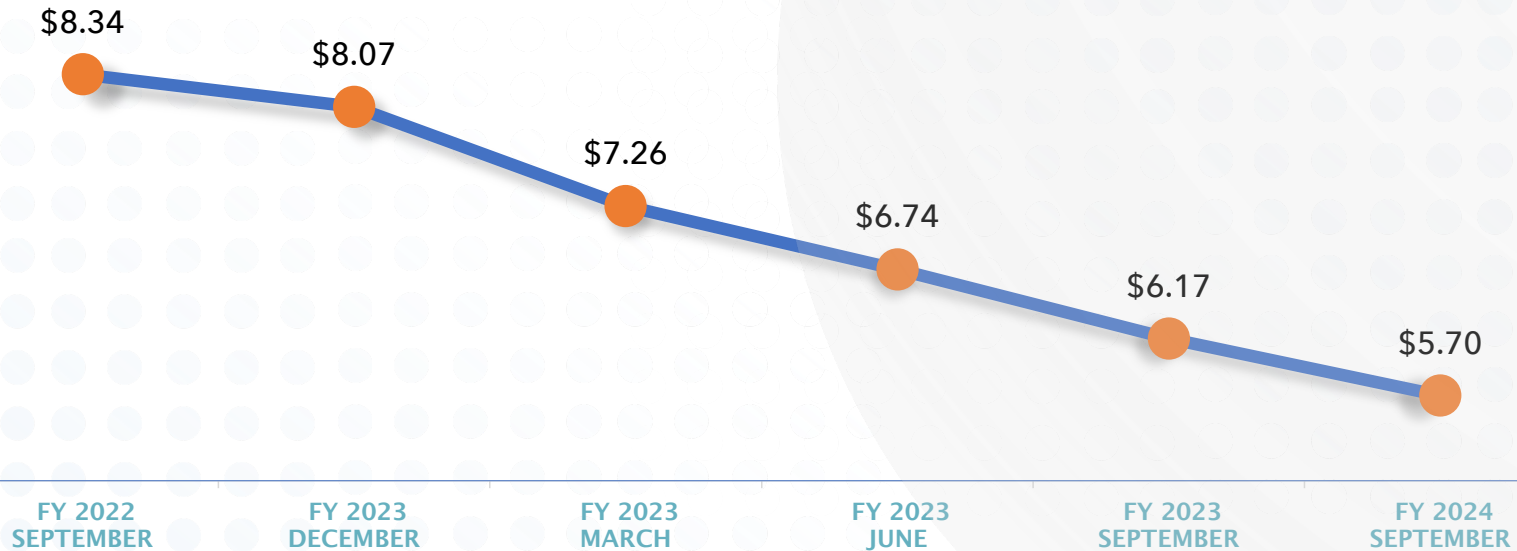
COTTON VS. CPI INFLATION

December 2000 to January 2024

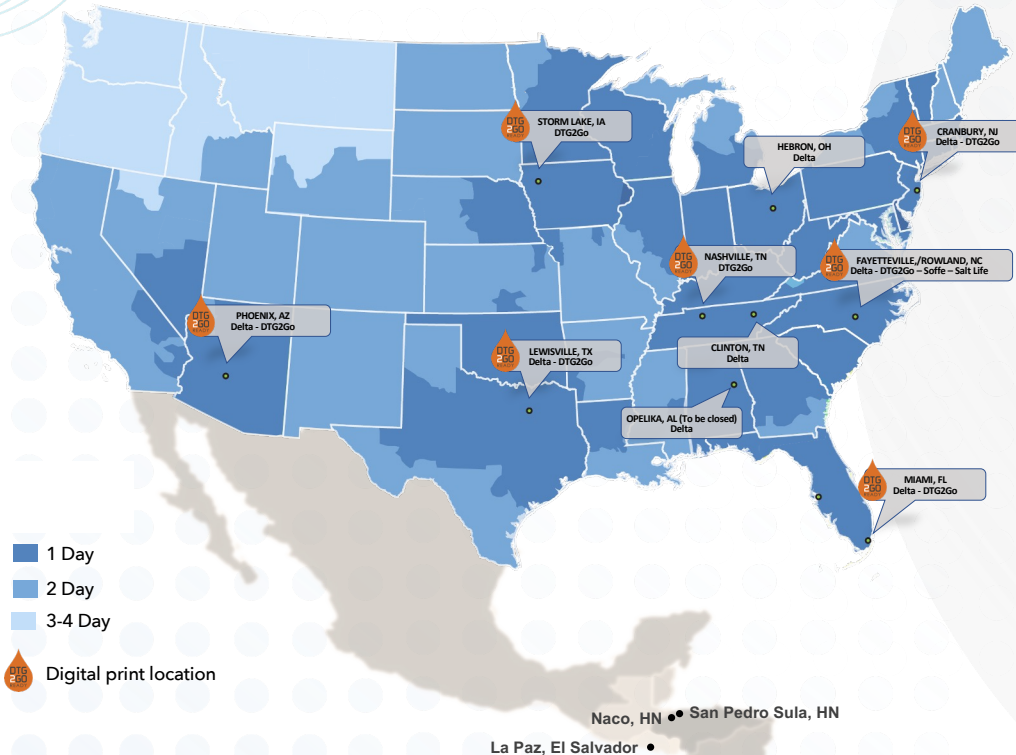


COTTON COST TREND

Cotton Cost Per Dozen Finished Goods in Activewear Inventory



DISTRIBUTION AND FULFILLMENT NETWORK



Distribution

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

Manufacturing

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

INDUSTRY PRODUCTION CURTAILMENTS

El Salvador

- Approximately 12,500 apparel industry jobs reduced since June 2022 (~15% of industry workforce)
- Most reductions believed to be permanent reductions in connection with plant closures

Honduras

- Approximately 26,000-27,000 apparel industry jobs reduced or expected to be reduced
- Most reductions believed to be permanent reductions in connection with plant closures

AT A GLANCE

SALT LIFE



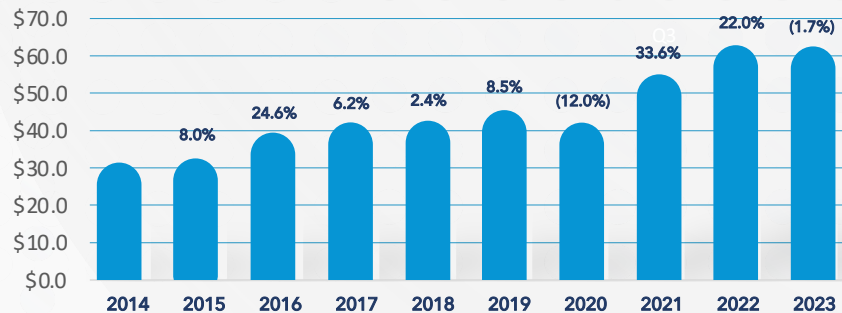
Salt Life

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, and accessories including a new home furnishings license relationship.

FY23

- REVENUE: \$59.1m
- GROSS MARGIN: 54.6%
- SG&A: 44.4%
- OPERATING INCOME: \$6.1m
- RETAIL STORES: 27 stores (9 states)

Sales (in millions)



BRANDED RETAIL

RETAIL DOOR OVERVIEW

MARKETING
DOORS
~\$350K

AVERAGE
DOORS
~\$450K

TOP
DOORS
~\$1,150K

Based on FY23 Sales

~ 2,000

Square feet retail space

~ \$400k

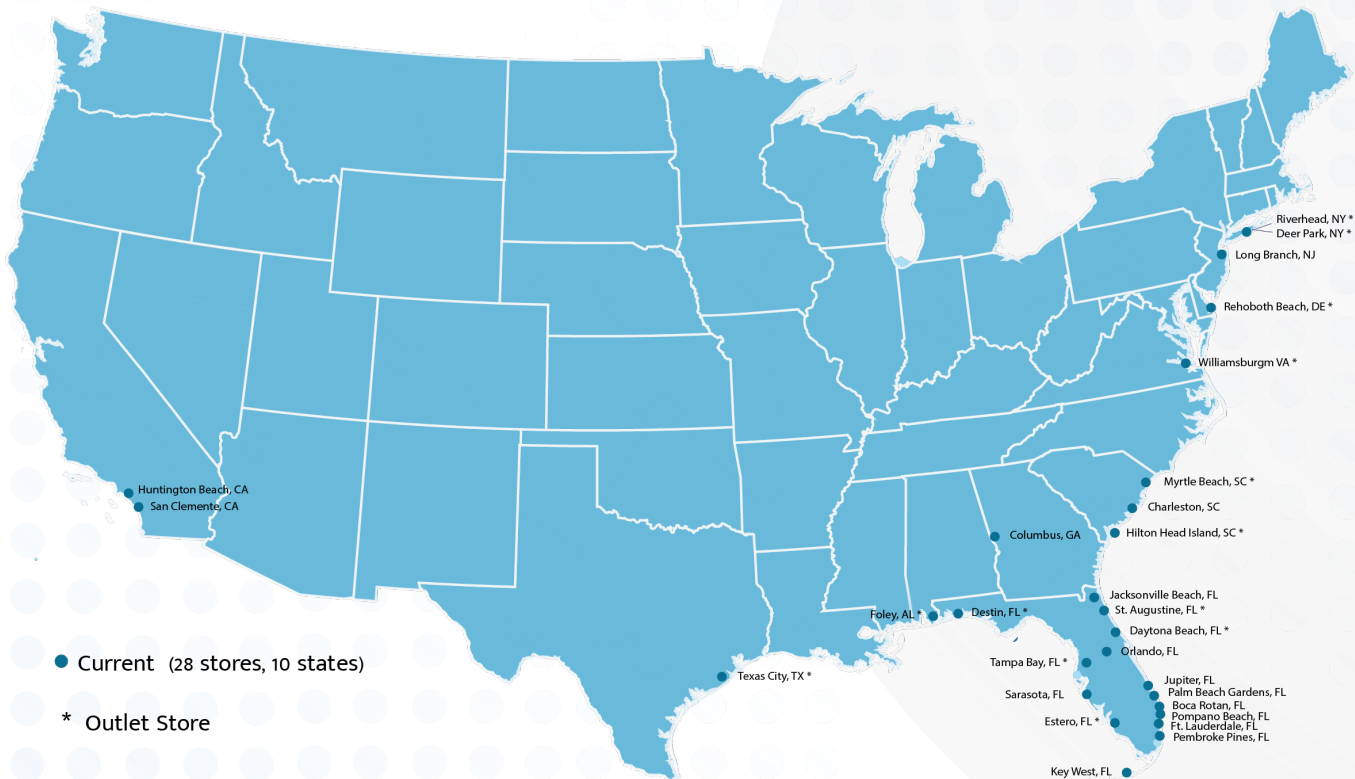
Build out cost

~\$300

Average sales / sq. ft.

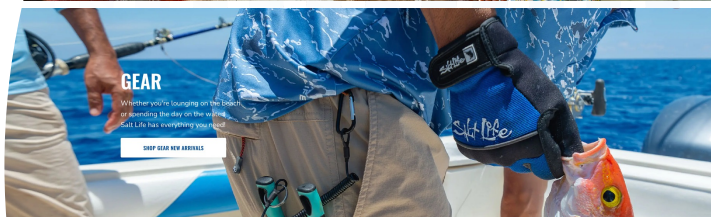
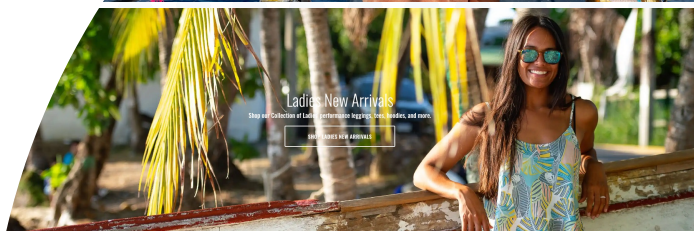
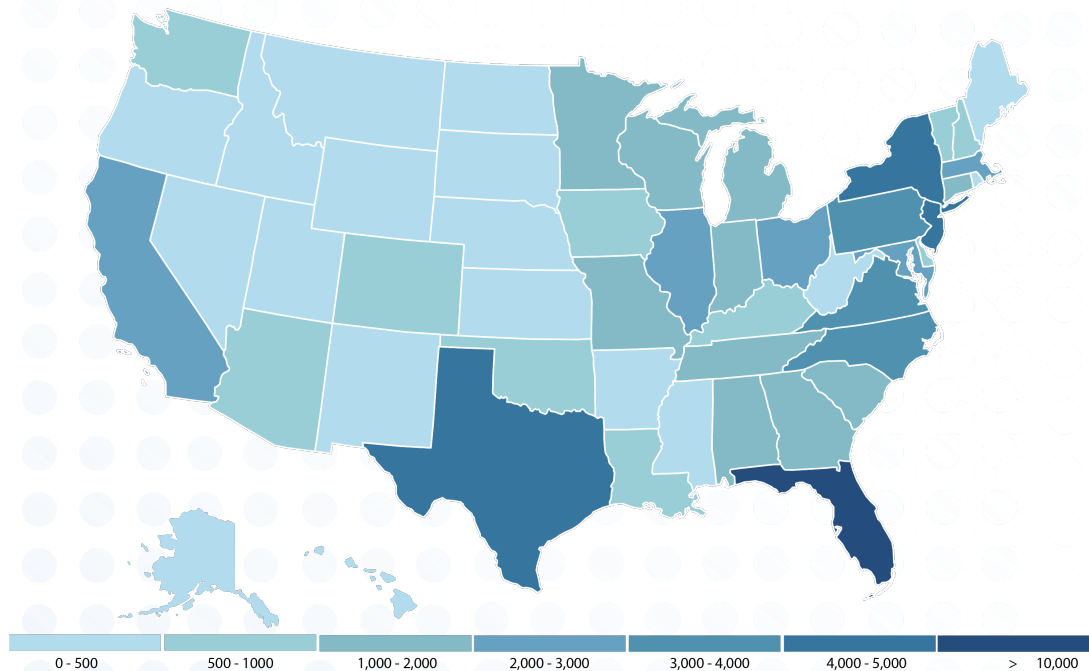


BRANDED RETAIL



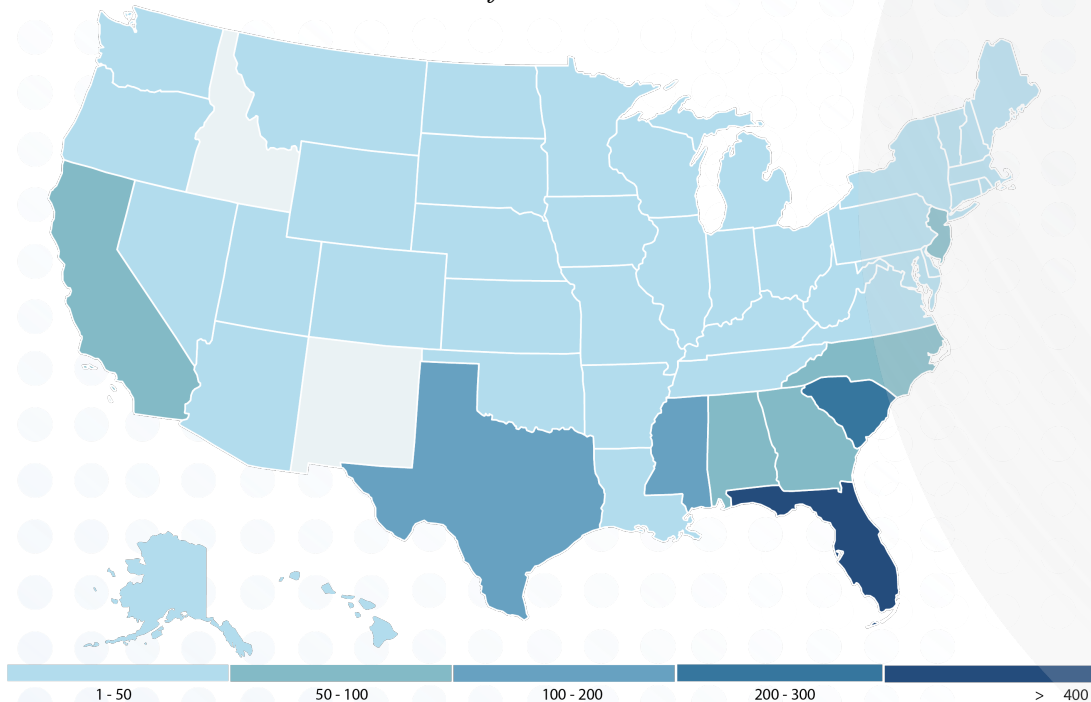
ECOMMERCE

Shipments to consumers in all 50 states



WHOLESALE

~1,709 Salt Life doors across 48 states



49 doors outside of the U.S.

- Guam
- Puerto Rico
- St. Maarten
- Grand Cayman
- Jamaica
- Turks & Caicos
- Aruba
- Bahamas
- Bonaire
- USVI
- Trinidad & Tobago
- Honduras
- Dominican Republic
- St. Kitts
- Antigua
- Curacao
- Mexico
- Canada

SOCIAL MEDIA

Facebook

1.16M Page Likes
Lifetime Total

5.6M Reach
Fiscal YTD

31K Engagements
90 day average

Instagram

340K Followers
Lifetime Total

2.4M Reach
Fiscal YTD

29K Engagements
90 day average

TikTok

105.3K Followers
Lifetime Total

720K Reach
in the last 90 days

33K Likes
90 day average

YouTube

154K Subscribers
Lifetime Total

7.4M Views
Fiscal YTD

319K Watch Time
Fiscal YTD in hours

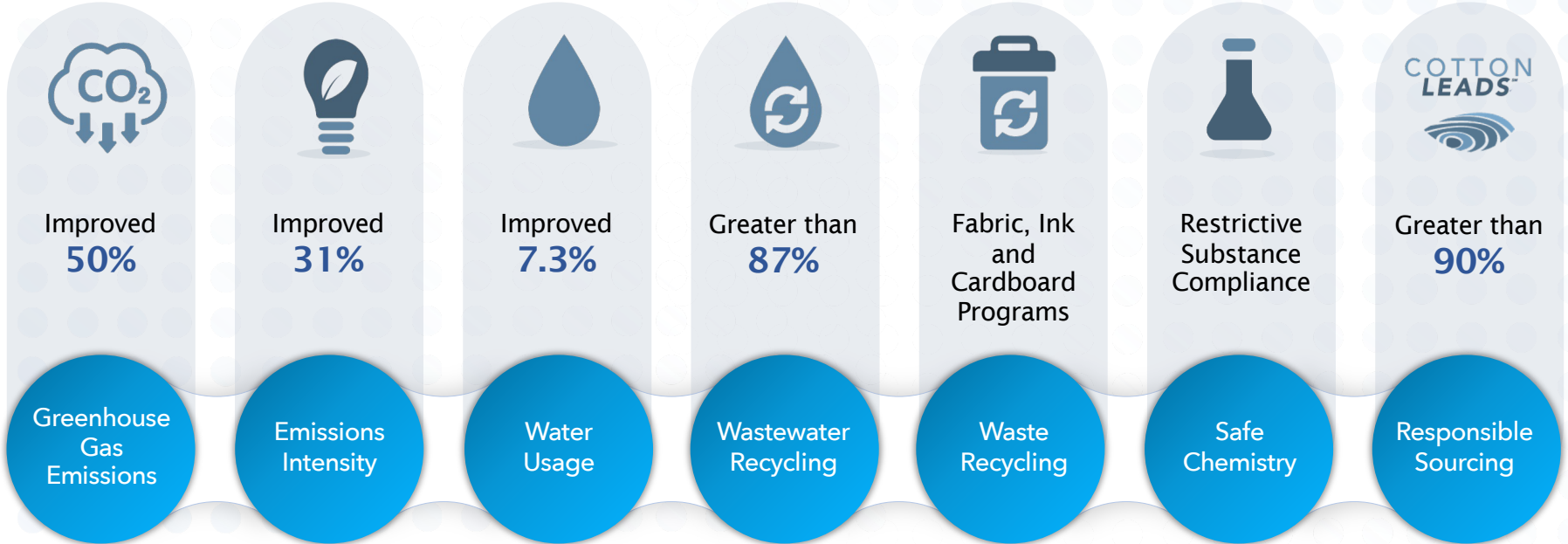
X (Twitter)

85.5K Followers
Lifetime Total

132.9K Impressions
90 day average



CONSERVING THE ENVIRONMENT



Baseline year: 2018

SOCIAL RESPONSIBILITY



Honduras

For the second year, our Honduras sewing facilities donated groceries, toys, and clothes to the San Raphael Orphanage located in Villanueva, Cortes. The orphanage provides housing and education for approximately 90 children.

Donated a gas-powered trimmer and brush cutter to the Quimistán Municipal Environmental Unit as part of the “United for a Greener Honduras” campaign. Employees also donated toys, snacks, and sodas in celebration of Children’s Day at the Pedro Nufio School located in Tierra Amarilla, Santa Barbara and the Benjamin Trochez School located in Pinalejo, Santa Barbara.

Ceiba Textiles

Delta Cortes

Delta Cortes employees reforested the green areas for the Church of God in Villanueva, Cortes and the Union and Effort School in Villanueva, Cortes. During the activity, the team also organized games and donated toys and candy for the children. The team also donated and installed trash cans, and donated cleaning supplies for the restroom area in Villanueva, Cortes.

Mexico employees donated toys, snacks, and sodas in celebration of Children’s Day in the towns of Hampolol and Xkeulil, Campeche. Employees also donated t-shirts in support of the campaign at the Women’s Institute of Campeche end violence against women.

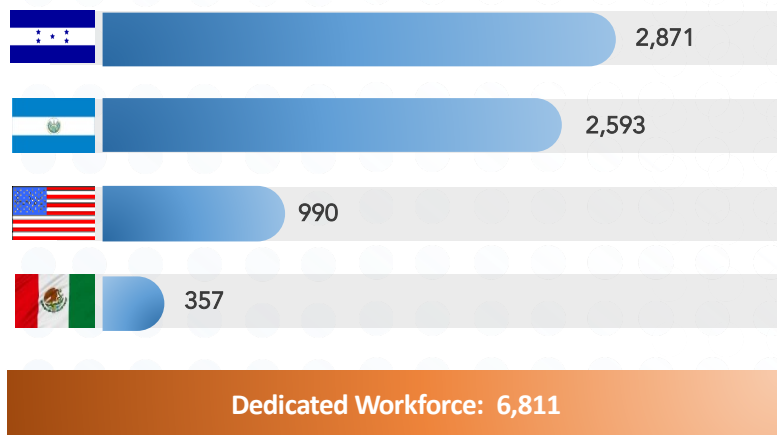
Mexico / Campeche

DELTA APPAREL, INC.

OUR PEOPLE

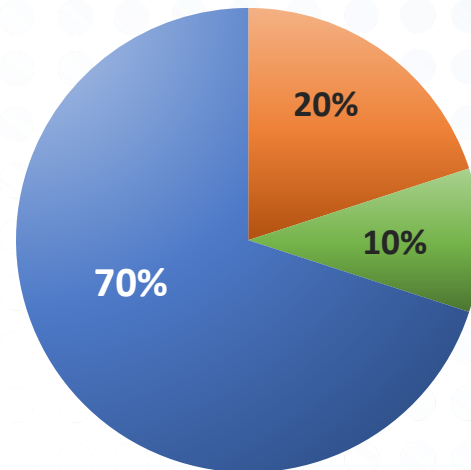


Our greatest asset . . .



*As of Fiscal Year-End
(September 2023)*

Employee Tenure



■ 10 years or more ■ 6 - 10 years ■ 5 years or less

FISCAL YEAR 2024

- A New Fiscal Year
- New Economic Realities
- New Consumer Behavior



FY24 PLAN OBJECTIVES

- Manage liquidity
- Reduce inventory
- Eliminate excess manufacturing capacity
- Minimize outside sourcing
- Reduce overall working capital
- Minimize capital expenditures
- Focus on generating positive cash flow
- Reduce outstanding debt



SALE-LEASEBACK TRANSACTIONS

PROPERTY SUMMARY



FAYETTEVILLE, NORTH CAROLINA



CLINTON, TENNESSEE

Building SF

563,051 SF

163,852 SF

Land Area

21.75 acres (+ 2.56 acres of excess land)

17.6 acres (+ 8 acres of excess land)

Year Built / Renovated

1980 / 1992

1977 / 1988

Clear Height

24' – 28'

15' – 35'

% Office

8%

8.5%

Parking

717 spaces

63 spaces

Loading

40 docks / 4 drive-in

10 docks / 2 drive-in

Company Use

Salt Life distribution; DTG2Go; Activewear sewing, decoration, retail packaging, and distribution

Activewear distribution

GREEN VALLEY EQUITY INVESTMENT

Equity Ownership in Green Valley Industrial Park (31%)

- Provides ~ \$2m annually in dividends to Delta Apparel, Inc.
- Green Valley Overview
 - Located in tax free zone in Naco, Honduras.
 - Provides turnkey industrial infrastructure solutions (build-to-suit facilities, energy, water, and administrative services) to global manufacturing companies including textiles, light automotive, life sciences, screenprinting, and labeling.



- Certified under ISO-14001: 2015 environmental management standard and owns/operates the largest industrial solar energy installation in Central America through its Park Energy subsidiary
- Significant additional land available for expansion





2023



Q & A

Non-GAAP Reconciliation

Reconciliation of Operating (Loss) Income to Adjusted Operating Income Twelve Months Ended September 2023

(in thousands)

Operating (Loss) Income	\$(29,442)
Production Curtailment Costs ⁽¹⁾	8,019
Cotton Costs ⁽²⁾	25,929
Restructuring Costs ⁽³⁾	4,723
Goodwill Impairment ⁽⁴⁾	9,200
Adjusted Operating Income	\$18,429

Reconciliation of Net Income (Loss) and Earnings Per Share (EPS) to EBITDA, Adjusted Net Income, Adjusted EPS and Adjusted EBITDA Twelve Months Ended September 2023

(in thousands)

	Net Income	EPS
Net Income (Loss) and EPS	\$(33,213)	\$(4.75)
Interest Expense	14,194	
Income Taxes	(10,372)	
Depreciation & Amortization	15,145	
EBITDA	\$(14,246)	
Production Curtailment Expense ⁽¹⁾	8,019	1.15
Cotton Costs ⁽²⁾	25,929	3.71
Restructuring Costs ⁽³⁾	4,723	0.68
Goodwill Impairment ⁽⁴⁾	9,200	1.32
Tax impact	(11,393)	(1.63)
Adjusted Net Income and Adjusted EPS	\$3,265	\$0.47
Interest Expense	14,194	
Income Taxes	1,021	
Depreciation & Amortization	15,145	
Adjusted EBITDA	\$33,625	

⁽¹⁾ Production Curtailment Costs consist of unabsorbed fixed costs, temporary unemployment benefit payments, and other expense items resulting from the Company's decision to reduce production levels to better align with the significantly reduced demand across the activewear industry due to high inventory levels stemming from the heavy replenishment activity following pandemic-related supply chain challenges.

⁽²⁾ Cotton Costs consist of the amount of the cotton component of the Company's cost of sales in excess of the approximate average price per pound of cotton over a recent 10-year period (\$0.78 per pound) as well as a reasonable estimate of the additional cost for what the industry refers to as "basis" typically required to be purchased in connection with the delivery of cotton (\$0.15 per pound). As such, Cotton Costs consist of the cotton component of the Company's cost of sales in excess of \$0.93 per pound.

⁽³⁾ Restructuring Costs consist of employee severance benefits paid in connection with the transition of our more expensive Mexico manufacturing capacity to our more efficient Central America manufacturing platform, employee severance benefits paid in connection with leadership restructuring, expenses incurred in connection with the closure of a legacy facility we acquired via acquisition and the absorption of the print capacity at that facility into our nationwide network of dual purpose digital print and blank garment distribution facilities, and additional cost items incurred from restructuring activities.

⁽⁴⁾ Goodwill Impairment consists of a non-cash charge associated with our DTG2Go business.