

Reconciliation of GAAP Measures Gross Margin, Operating (Loss) Income, and Net (Loss) Income to Non-GAAP Measures Adjusted Gross Margin, Adjusted Operating (Loss) Income, and Adjusted Net (Loss) Income Unaudited
(in thousands)

Reconciliation of Gross Margin to Adjusted Gross Margin – Unaudited

	Three Months Ending	
	December 2023	December 2022
Gross Margin	\$ 8,747	\$ 13,623
Production Curtailment Costs ⁽¹⁾	1,348	3,370
Adjusted Gross Margin	\$ 10,095	\$ 16,993
	12.6%	15.8%

Reconciliation of Operating Loss to Adjusted Operating (Loss) Income – Unaudited

	Three Months Ending	
	December 2023	December 2022
Operating Loss	\$ (4,946)	\$ (2,626)
Production Curtailment Costs ⁽¹⁾	1,348	3,370
Restructuring Costs ⁽²⁾	813	-
Adjusted Operating (Loss) Income	\$ (2,785)	\$ 744

Reconciliation of Net Loss to Adjusted Net (Loss) Income – Unaudited

	Three Months Ending	
	December 2023	December 2022
Net Loss	\$ (8,527)	\$ (3,565)
Production Curtailment Costs ⁽¹⁾	1,348	3,370
Restructuring Costs ⁽²⁾	813	-
Tax Impact	(216)	(3,540)
Adjusted Net (Loss) Income	\$ (6,582)	\$ (3,735)

Reconciliation of GAAP Measure Delta Group Segment Gross Margin to Non-GAAP Measure Delta Group Segment Adjusted Gross Margin - Unaudited

	Three Months Ending	
	December 2023	December 2022
Gross Margin	\$ 4,058	\$ 7,760
Production Curtailment Costs ⁽¹⁾	1,348	3,370
Adjusted Gross Margin	\$ 5,406	\$ 11,130
	7.8%	11.5%

Reconciliation of GAAP Measure Delta Group Segment Operating Income to Non-GAAP Measure Delta Group Segment Adjusted Operating Income - Unaudited

	Three Months Ending	
	December 2023	December 2022
Operating Income	\$ 492	\$ 123
Production Curtailment Costs ⁽¹⁾	1,348	3,370
Restructuring Costs ⁽²⁾	813	-
Adjusted Operating Income	\$ 2,653	\$ 3,493

⁽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⁾ 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, and additional cost items incurred from restructuring activities.

Reconciliations of GAAP Net Loss to Non-GAAP Measures Earnings Before Interest Taxes Depreciation and Amortization ("EBITDA"), Adjusted Net Loss, and Adjusted EBITDA

Unaudited
(in thousands)

Reconciliation of GAAP Measure Net Loss to Non-GAAP Measures EBITDA, Adjusted Net Loss, and Adjusted EBITDA – Unaudited

	<u>Three Months Ending</u> <u>December 2023</u>
Net Loss	\$ (8,527)
Interest Expense, Net	3,577
Provision For Income Taxes	10
Delta Group Segment Depreciation and Amortization	3,041
Salt Life Group Segment Depreciation and Amortization	534
Unallocated Depreciation and Amortization	57
EBITDA	(1,308)
Production Curtailment Costs ⁽¹⁾	1,348
Restructuring Costs ⁽²⁾	813
Tax Impact	(216)
Adjusted Net Loss	(6,582)
Interest Expense, Net	3,577
Provision For Income Taxes	226
Delta Group Segment Depreciation and Amortization	3,041
Salt Life Group Segment Depreciation and Amortization	534
Unallocated Depreciation and Amortization	57
Adjusted EBITDA	\$ 853

Reconciliation of GAAP Measure Delta Group Segment Operating Income to Non-GAAP Measures Delta Group Segment EBITDA, Adjusted Delta Group Segment Operating Income, and Adjusted Delta Group Segment EBITDA – Unaudited

	<u>Three Months Ending</u> <u>December 2023</u>
Delta Group Segment Operating Income	\$ 492
Delta Group Segment Depreciation and Amortization	3,041
Delta Group Segment EBITDA	3,533
Production Curtailment Costs ⁽¹⁾	1,348
Restructuring Costs ⁽²⁾	813
Adjusted Delta Group Segment Operating Income	2,653
Delta Group Segment Depreciation and Amortization	3,041
Adjusted Delta Group Segment EBITDA	\$ 5,694

Reconciliation of GAAP Measure Salt Life Group Segment Operating Loss to Non-GAAP Measure Salt Life Group Segment EBITDA – Unaudited

	<u>Three Months Ending</u> <u>December 2023</u>
Salt Life Group Segment Operating Loss	\$ (2,130)
Salt Life Group Segment Depreciation and Amortization	534
Salt Life Group Segment EBITDA	\$ (1,596)

⁽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⁾ 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, and additional cost items incurred from restructuring activities.

Delta Apparel, Inc.
Statement of Income
FY24 Q1

	Three Months Ending	
	December 2023	December 2022
Net Sales	\$ 79,934	\$ 107,295
Cost of good sold	<u>71,187</u>	<u>93,672</u>
Gross profit	8,747	13,623
	10.9%	12.7%
Selling, general and administrative expenses	18,614	18,870
Goodwill Impairment	-	-
Other income, net	<u>(4,921)</u>	<u>(2,621)</u>
Operating loss	(4,946)	(2,626)
Interest expense, net	<u>3,577</u>	<u>2,890</u>
Loss before provision for (benefit from) income taxes	(8,523)	(5,516)
Benefit from income taxes	<u>10</u>	<u>(1,917)</u>
Consolidated net loss	(8,533)	(3,599)
Less: Net loss attributable to non-controlling interest	<u>6</u>	<u>34</u>
Net loss attributable to shareholders	<u><u>\$ (8,527)</u></u>	<u><u>\$ (3,565)</u></u>
Basic loss per share	\$ (1.22)	\$ (0.51)
Diluted loss per share	\$ (1.22)	\$ (0.51)
Weighted average number of shares outstanding	7,003	6,954
Dilutive effect of stock awards	<u>-</u>	<u>-</u>
Weighted average number of shares assuming dilution	<u><u>7,003</u></u>	<u><u>6,954</u></u>
Adjustments		
Production Curtalment Costs	(1,348)	(3,370)
SG&A Severance	(813)	-
Tax Impact	216	3,540
Adjusted Results		
Net Sales	\$ 79,934	\$ 107,295
Cost of good sold	<u>69,839</u>	<u>90,302</u>
Gross profit	10,095	16,993
	12.6%	15.8%
Selling, general and administrative expenses	17,801	18,870
Other income, net	<u>(4,921)</u>	<u>(2,621)</u>
Operating (loss) income	(2,785)	744
	(3.5%)	0.7%
Interest expense, net	<u>3,577</u>	<u>2,890</u>
(Loss) Income before (benefit from) provision for income taxes	(6,362)	(2,146)
(Benefit from) provision for income taxes	<u>226</u>	<u>1,623</u>
Consolidated net (loss) income	(6,588)	(3,769)
Less: Net loss attributable to non-controlling interest	<u>6</u>	<u>34</u>
Net (loss) income attributable to shareholders	<u><u>\$ (6,582)</u></u>	<u><u>\$ (3,735)</u></u>
	(8.2%)	-3.5%
Basic (loss) income per share	\$ (0.94)	\$ (0.54)
Diluted (loss) income per share	\$ (0.94)	\$ (0.54)
Weighted average number of shares outstanding	7,003	6,954
Dilutive effect of stock awards	<u>-</u>	<u>2</u>
Weighted average number of shares assuming dilution	<u><u>7,003</u></u>	<u><u>6,956</u></u>