

Delta Apparel, Inc

Investor Presentation

March 2021



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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.

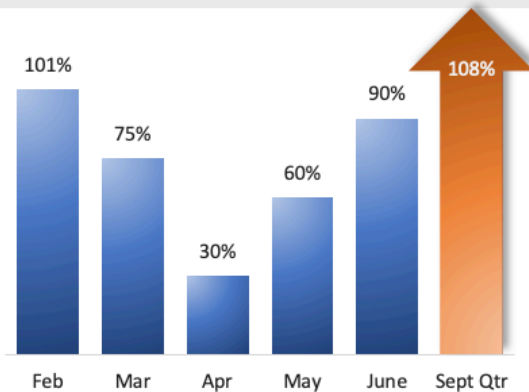
Delta Apparel: Key Highlights

- 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
- 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
- Diverse sales channels and broad customer base with minimal exposure to traditional department stores
- Strong balance sheet with solid liquidity and flexible capital structure

FY20 Reflections: Sales Results

Strong Recovery

FY20 Sales as % of FY19



Net Sales

\$381m

(12%)

FY20 2H Strength

FY20 Sales as % of FY19

DTG2Go

+130%

eCommerce
Silt & Co. S

+180%

June and September Quarters

FY20 Reflections: Profitability and Liquidity








108%

- Manufacturing efficiencies and process improvements
- Higher mix of direct-to-consumer sales
- Effective pandemic-initiated cost control and cash management
- Favorable product mix
- Lower raw material prices

* See page 23 for reconciliation of reported results to adjusted financial measures

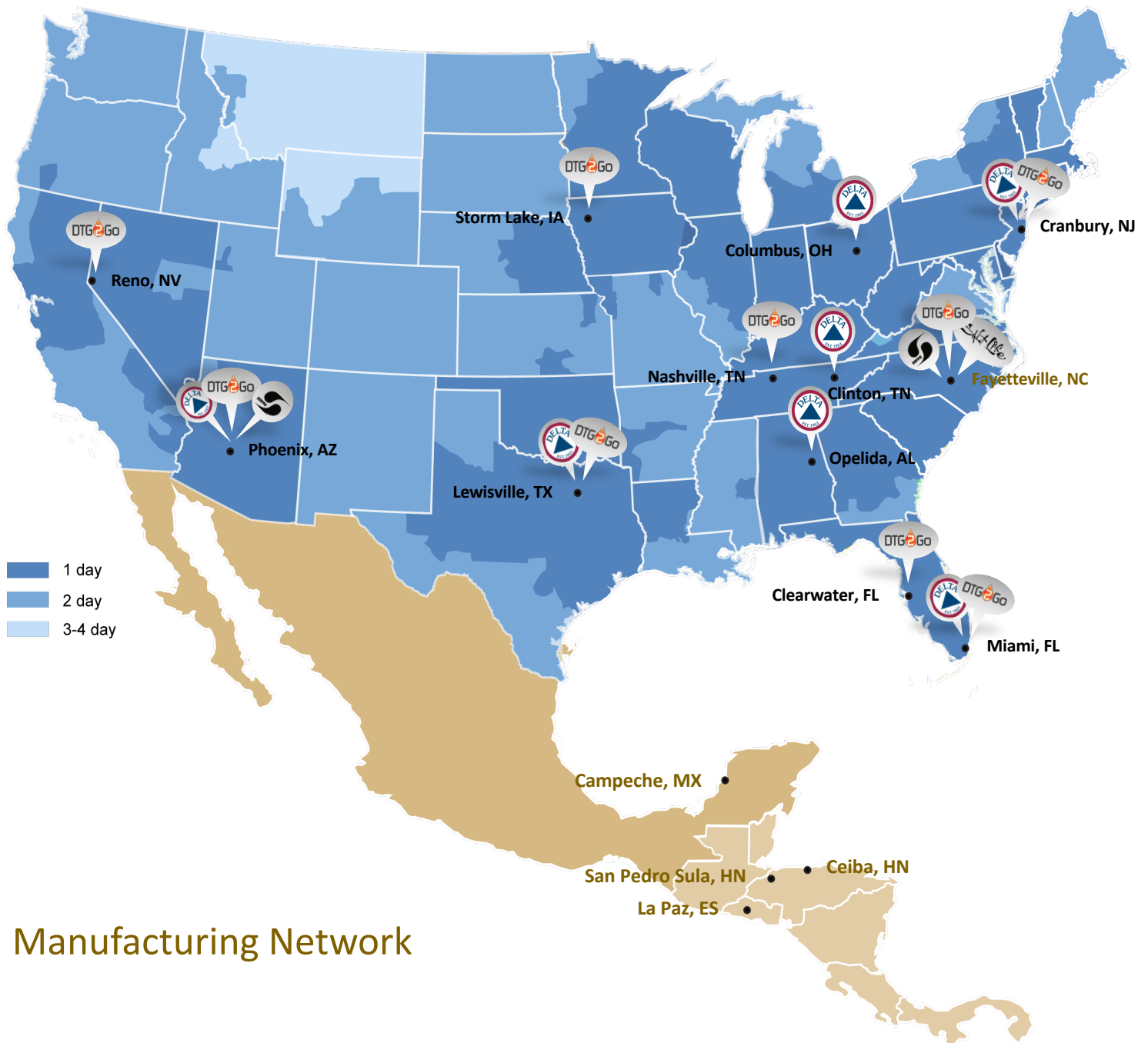
FY21 Q1: Strong Start to the Fiscal Year

Sales	\$94.7	99% of PY	
Gross Margins	21.4%	 70 bps	<ul style="list-style-type: none">▪ Strong order demand▪ Manufacturing and operational excellence at all levels▪ Notable headwinds<ul style="list-style-type: none">- Inventory constraints- Hurricane-related disruptions in Central America- Freight carrier limitations during holiday season
Adjusted Operating Income *	\$4.4m	 67%	<ul style="list-style-type: none">▪ Gross margin expansion across both business segments
Adjusted Diluted EPS *	\$0.28	 147%	<ul style="list-style-type: none">▪ Continued cost controls and cash management discipline
Inventory	\$148.5m	 25%	<ul style="list-style-type: none">▪ Manufacturing ramp-up to record level production outputs in 2H FY21
Net Debt	\$129.5m	 12%	

* Excludes \$1.3 million pre-tax expenses, or \$1.1 million or \$0.15 per diluted share after-tax expenses, of hurricane-related disruptions in the December 2020 quarter.

Vertically-Integrated Supply Chain

Distribution Network



Manufacturing Network



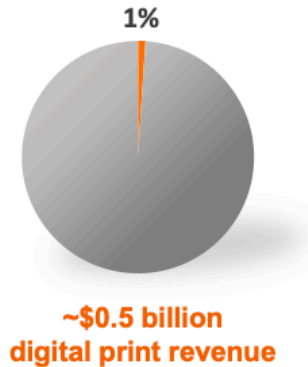
- Only vertically-integrated supplier of on demand, digitally printed garments in the world
 - Eliminates non-value-added costs
 - Reduces working capital, as leverages existing inventory
- Proprietary technology managing order flow, quality control and art management, and optimizing speed to consumers
 - 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

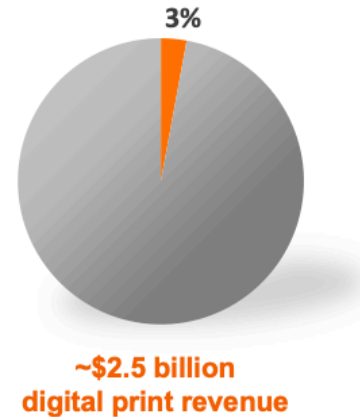


Decorated Impressions *

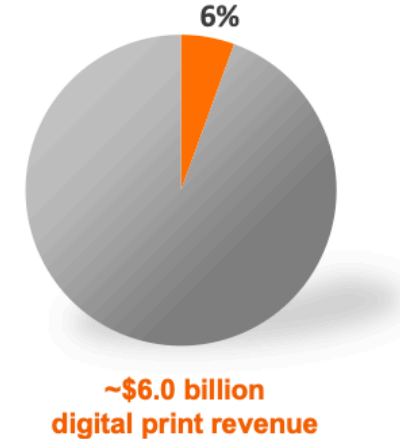
2018
~15 billion impressions



2023
~25 billion impressions



2028
~30 billion impressions



 Digital  Screen & Others

* 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; working capital requirements



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 9 fulfillment facilities; reduces risk in supply chain

Delta Garment Utilization



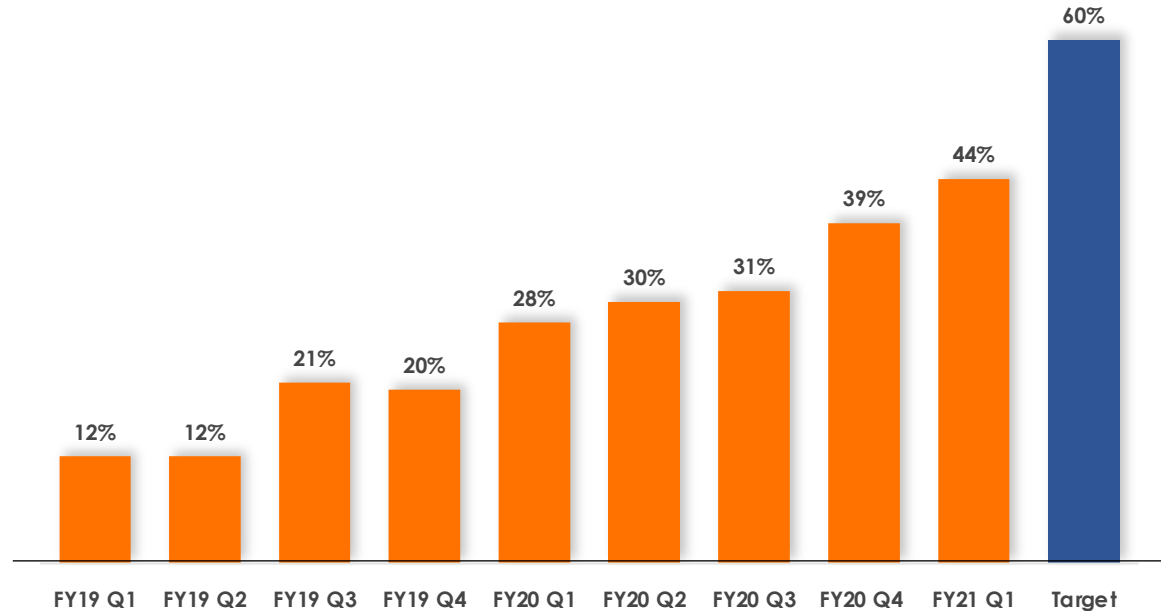
DTG2Go Competitive Advantage:

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

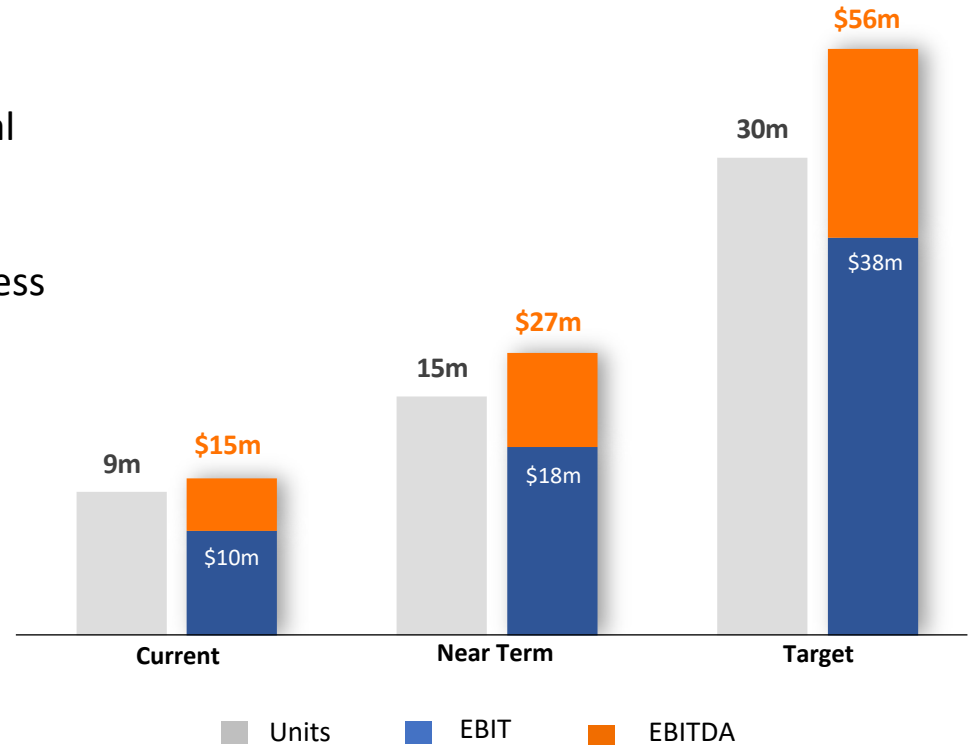
% Delta Garments



DTG2Go Growth Opportunity



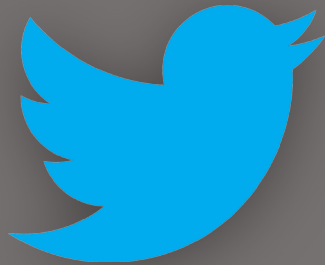
- Partnership with retailers to bring digital print to market
- Continued growth in non-holiday business through diversified sales channels
- Expansion of footprint internationally



SALT LIFE

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@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

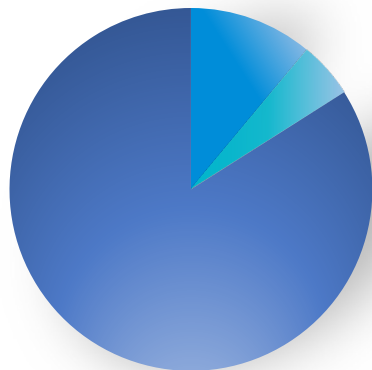


Connecting Directly with Consumers

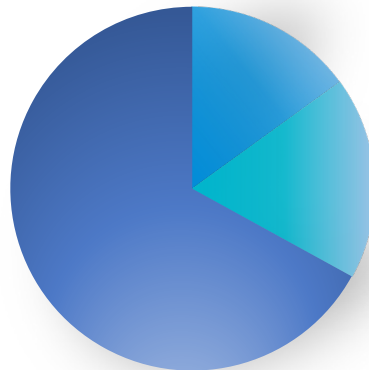


% of Sales by Channel

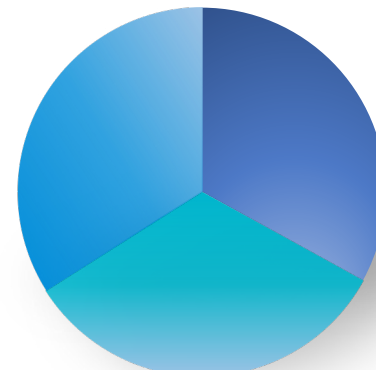
Past



Current



Target



■ Retail ■ eCommerce ■ Wholesale

Direct-to-Consumer Profitability Expansion

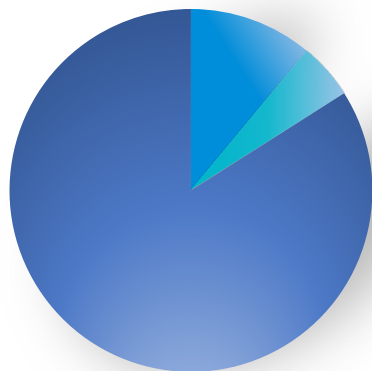


% of Sales by Channel

Expectations of Operating Profit

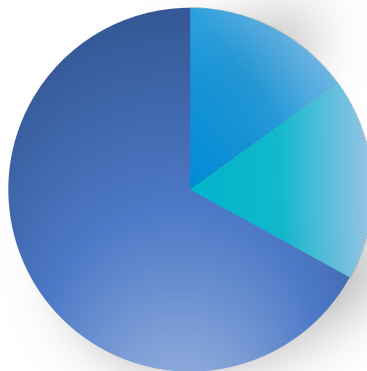
eCommerce	Retail	Wholesale
20% - 22%	10% - 12%	8% - 10%

Past



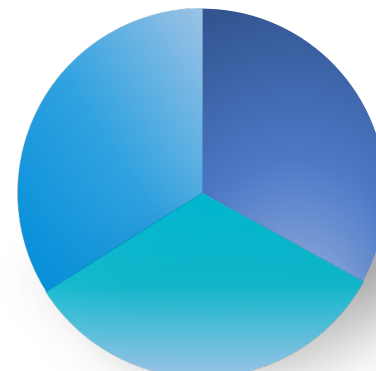
~9.5%
Operating Profit

Current



~10.5%
Operating Profit

Target



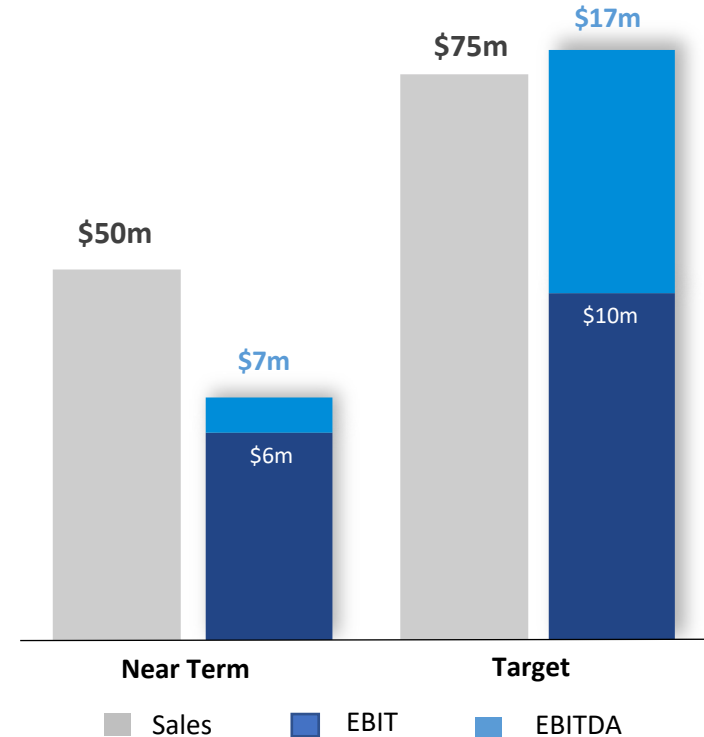
~13.5%
Operating Profit

 Retail  eCommerce  Wholesale

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

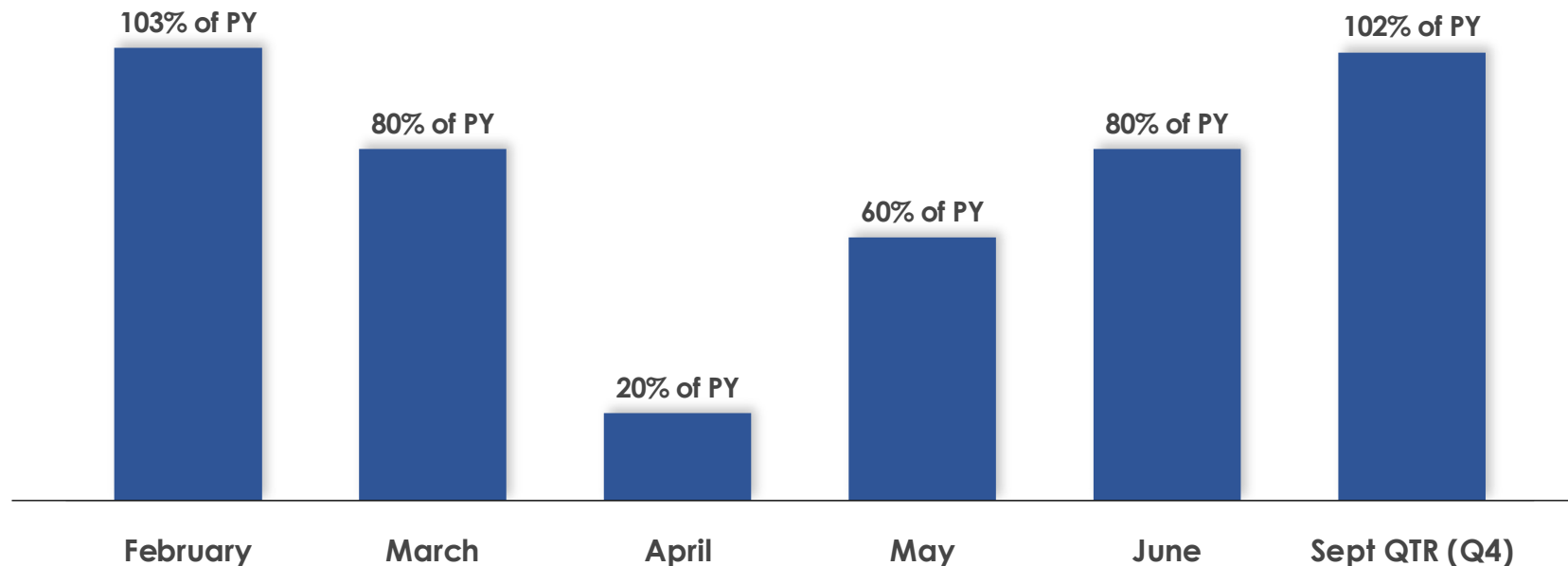
- 20-year history
 - ~5% CAGR sales
 - 10%+ EBITDA margin



Activewear: Strong Recovery



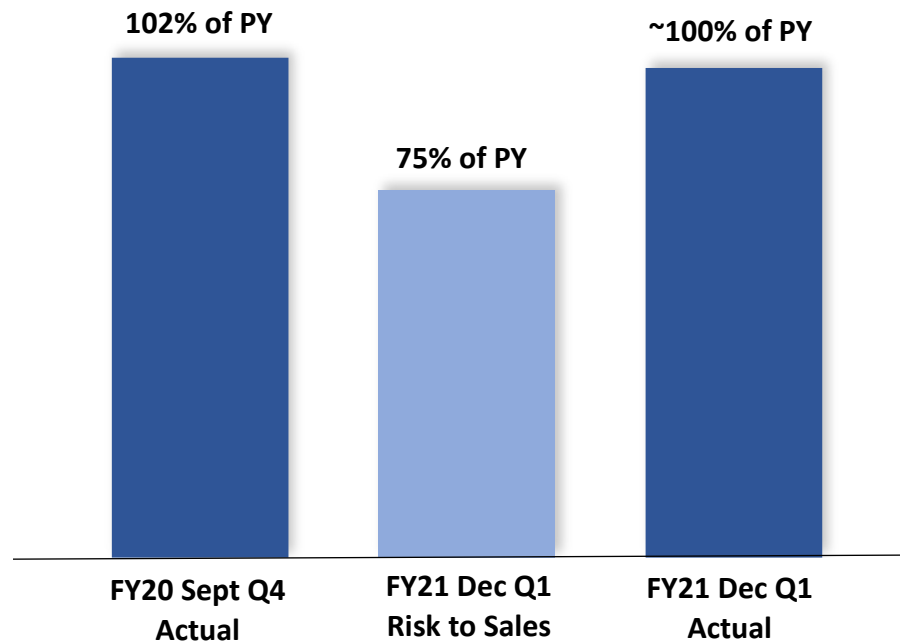
FY20 Sales as % of FY19



Activewear: Strong Recovery



- Lower finished goods inventory:
 - Down \$27 million September 2020 vs September 2019
- Average finished goods inventory turns: 2x
- Quarterly hurdle to growth: \$17 million



Activewear Growth Opportunities



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



Delta Apparel, Inc.



FY20			Near Term Opportunity
Sales	\$381 million	8-10% CAGR	\$500 million
EBITDA	\$28 million	DTG2Go 22-24%	\$56 million
EBITDA %	7%	Salt Life 14-16%	11%
		Activewear 10-12%	
Net Debt	\$122 million	Free Cash Flow \$10 – 15M	\$100 million

* FY20 results, adjusted for \$25M of pre-tax expenses associated with the impacts from the COVID-19 pandemic and primarily related to the curtailment of manufacturing operations (\$12M), incremental costs to right size production to new forecasted demand (\$3M), increased accounts receivable and inventory reserves related to the heightened risks in the market as the U.S. continued its recovery (\$7M), and other expenses (\$3M).

Non-GAAP Reconciliation



	Fiscal 2020			Fiscal 2019		
	GAAP Measure		Non-GAAP Measure	GAAP Measure		Non-GAAP Measure
	Reported	COVID-Related Expenses ⁽¹⁾	Adjusted *	Reported	Litigation Settlements ⁽²⁾	Adjusted *
Gross Profit	68,375	14,700	83,075	85,152	-	85,152
Gross Margins	17.9%	3.9%	21.8%	19.7%		19.7%
Operating Income	(7,075)	25,200	18,125	15,895	1,529	17,424
Operating Income Margins	(1.9%)	6.6%	4.8%	3.7%	0.4%	4.0%
Net Earnings (Loss) Attributable to Shareholders	(10,577)	19,152	8,575	8,242	1,492	9,734
Diluted Net Earnings (Loss) per Common Share **	(\$1.53)	\$2.73	\$1.22	\$1.17	\$0.21	\$1.38

* 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 6,922 thousand shares and 7,064 shares for fiscal years 2020 and 2019, respectively. Adjustments and adjusted earnings per share are calculated based on diluted weighted average shares of 7,008 thousand shares and 7,064 thousand shares for fiscal years 2020 and 2019, respectively.

⁽¹⁾ 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).

⁽²⁾ Approximately \$2.5 million of unfavorable litigation settlement due to the bankruptcy of a customer in the Delta Group segment in the first quarter fiscal year 2019, partially offset by approximately \$1.3 million in other income as the result of a favorable litigation settlement in the Salt Life Group segment in the third quarter fiscal year 2019.

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Thank You



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