

# Shareholder Equity Conference

November 29, 2021

# **Delta Apparel Highlights**



- Aspirational Lifestyle Brand, Salt Life, with Accelerating Direct-To-Consumer Business
  - 2 Market Leader in Rapidly Growing Digital Garment Printing
    - One-of-a-Kind Vertically Integrated Model, Well Positioned in a Fast-Changing Landscape
- ST 1903
- Numerous Well-Developed Sales Channels and Diverse Customer Base
  - 5 Critical Supply Chain Partner Known for Quality Service
- 6 Strategic Manufacturing and Sourcing Infrastructure
- 7 Premiere Distribution and Fulfillment Network
- 8 Strong Commitment to Sustainability
- 9 Substantial Financial Momentum with Multiple Avenues to Drive Transformational Growth

# **Salt Life Consumer Engagement**



Salt Life has a leading online presence that bolsters consumer engagement and brand loyalty, driving strong sales across its direct-to-consumer channels as well as its wholesale accounts

### Salt Life's Brand Presence is a Strength



**EXPRESS** 

**GUESS** 

4

5

6

7

8

9

10

Social Media **Activity** 





Ranked Website **Engagement** 

**Bounce** 

Rate

36%

36%

40%

39%

37%

38%

36%

Website Engagement

Pages per

Visit

5.7

5.6

8.7

6.5

### **Social Media Activity**

**Tweets** 

Per Year

4,983

4,542

2.624

3.881

2,342

Posts Per

Year

788

450

795





50

27

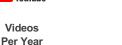
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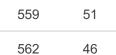


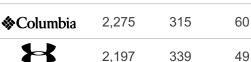
















JIMMY CHOO

SOUTHERN TIDE

Calvin Klein

MICHAEL KORS

7 VICTORIA'S SECRET 13

**Ranked Social Media Engagement** 



**Social Media Engagement** 

33

9

5

9



2

2

0

1

2

Followers / Views per Revenue Dollar



11

32

12

5

6

5

5

4

5



142

106

988

79

79

47

38

99

58

40





2

3

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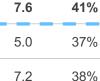
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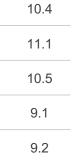
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8.2

9.0

8.3

7.1

Duration

(min.)

10.3



10 **BURBERRY** 

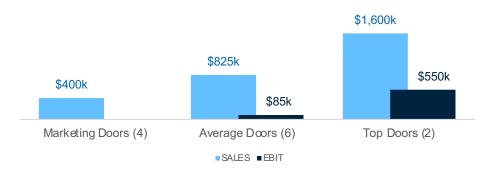
# Salt Life Branded Retail



Success of Salt Life's branded retail doors demonstrates enthusiasts' demand for in-person brand engagement and the huge opportunity available for Salt Life's retail strategy

### **Financial Overview**

Salt Life currently has 13 branded retail doors spanning Florida, Georgia, South Carolina, Texas and California. What began as a marketing initiative has proven to be a compelling growth opportunity for the Salt Life brand.



### **Retail Door Overview**

~ 2,000	Square feet retail space	
~ \$450k	Build out cost	
~\$500	Average sales / sq. ft.	
~\$100k	Average inventory per store	
19%	FY21 Q4 Same store growth	
6-8	Expected new doors per year	

### **Retail Space**





# DTG2Go: Market Leader in On-Demand Digital Print & Fulfillment





### DTG2Go Offers On-Demand Solutions for Brands and Retailers



DTG2Go's "digital-first" on-demand retail solution allows brands, retailers, and IP holders the ability to keep up with changing consumer preferences while optimizing supply chain and working capital dynamics

### **Brick and Mortar Challenges**





### On Demand Economy:

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



### **Consumer Selection:**

Limitless selections for consumers, including personalization options

DTG2Go's "Digital-First" Retail Solution

Never out of stock



### **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



### **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



### **Markdowns and Excess Inventory:**

Significant lost margins from liquidating excess inventory



### **Broad Supply Chain:**

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

# **Activewear: A Unique and Winning Business Model**



	Apparel Business Models					
	The Delta Model	Vertical Incumbents	Specialist Producers	Apparel Distributors		
	OF LEV	HANES Brands Inc  GILDAN	NEXT LEVEL.	SANMAR & primes		
Owned W. Hemisphere Manufacturing	Ø	8				
Core Basics	Ø	Ø		Ø		
Fashion Basics	Ø	Ø	Ø	Ø		
Supply Chain Manufacturing Partner	Ø	Ø				
Retail Technology Support	Ø	Ø				
Owned Distributor Model	Ø			8		
Ability to Fulfill Single Units	Ø		8	8		
Digital Print and Fulfillment	8					

# **Activewear: Broad Product Offerings Across Multiple Sales Channels**



Relationships with 8,000+ customers across various sales channels with opportunity to upsell additional product categories and various value-added services









OUTDOOR CAP







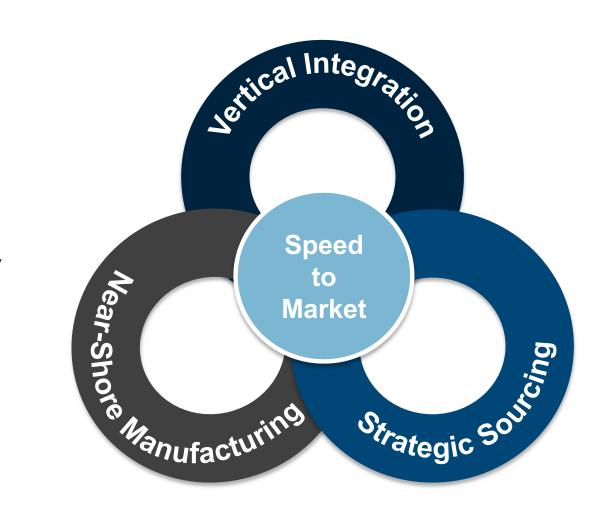
# **Strategic Manufacturing & Sourcing Infrastructure**



Delta's strategic manufacturing and sourcing infrastructure ensures consistent quality and eliminates duplicative costs, while reducing lead times and providing manufacturing flexibility

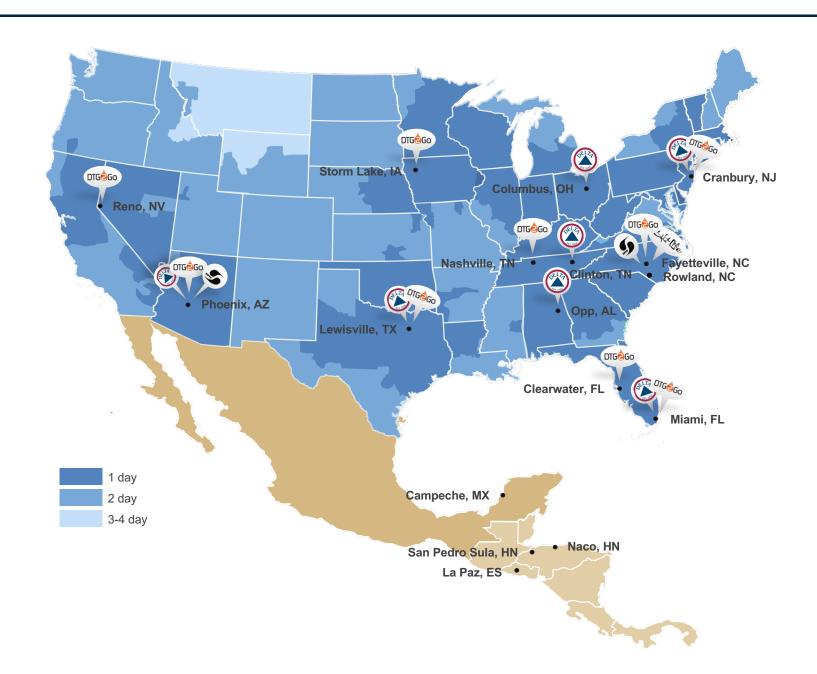
# **Key Benefits**

- **Consistent Quality**
- **%** Product Reliability
- **Supply Chain Transparency**
- **⊗** Social Responsibility
- **Solution** Environmental Sustainability
- **Speed to Market**
- **Solution** Lower Shipping Costs
- **Solution** Limited Impact from Tariffs
- **⊘** Manufacturing Flexibility
- **Solution** Leverages Fixed Mfg Cost



# **Activewear: Premier Distribution & Fulfillment Network**





### **Distribution**

- · Clinton, TN
- Columbus, OH
- Cranbury, NJ
- Fayetteville, NC
- Lewisville, TX
- Storm Lake, IA
- Miami, FL
- Nashville, TN
- Opp, AL
- Clearwater, FL
- · Reno, NV
- Phoenix, AZ

### Manufacturing

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

# **DLA Commitment to Sustainability**



Delta Apparel's commitment to sustainability includes implementing technology and processes that reduce energy and water consumption, reuse and effectively treat wastewater, and reduce and recycle waste



- DTG2Go digital printing facilities use water-based biodegradable inks that are 100% non-hazardous and adhere to the strictest human health and environmental standards
- All chemicals used comply with the restricted substance list published by the American Apparel & Footwear Association
- Tests conducted by 3<sup>rd</sup> party laboratory to ensure compliance with CPSIA



- Over 90% of garments created with U.S. cotton
- During FY2020, Delta joined the Cotton LEADS program, which is committed to sustainable and traceable cotton production
- The vast majority of the yarn used in Delta's textile operations is sourced from Parkdale, whose products are independently certified to Standard 100 by OEKO-TEX



- Certified under the ISO-14001 Environmental Management System, widely considered the world's "gold standard" for environmental management
- In FY2020, identified and implemented strategies to reduce annual electricity usage in certain operating areas by ~25%
- Since FY2018, Delta has reduced fuel and electricity consumption at Ceiba Textiles by ~17% and ~18%, respectively, on an annualized basis



- In FY2018, implemented a system that reuses leftover dye water, saving ~4 million gallons or 15,000 cubic meters of water per year
- Since FY2018, Delta has reduced water consumption at Ceiba Textiles by ~27% on an annualized basis
- Over 90% of water consumption at Ceiba Textiles in FY2020 was safely and effectively treated and recycled



- Use the Sustainable Apparel Coalition's Higg Index to measure the environmental impact of all offshore manufacturing facilities and the facilities of key external fabric suppliers
- Delta's FY2019 self-assessment resulted in a total score in the upper quartile as compared to industry competitors

- Since FY2018, Delta has reduced total waste generated at offshore manufacturing facilities by ~4%, on an annualized basis
- In FY2020, less than 5% of the waste generated is considered hazardous waste material
- In FY2020, Delta recycled ~70% of the waste generated from offshore manufacturing operations





Thank You!