



DELTA APPAREL, INC.

NYSE AMERICAN: DLA

ANNUAL MEETING

FEBRUARY 9, 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. – ACQUISITIONS

Public Company June 2000



JUNK FOOD  
CLOTHING CO



FunTees  
A DIVISION OF DELTA APPAREL



# DELTA APPAREL, INC. – DIVESTITURES

Public Company June 2000



**JUNK FOOD**  
CLOTHING CO



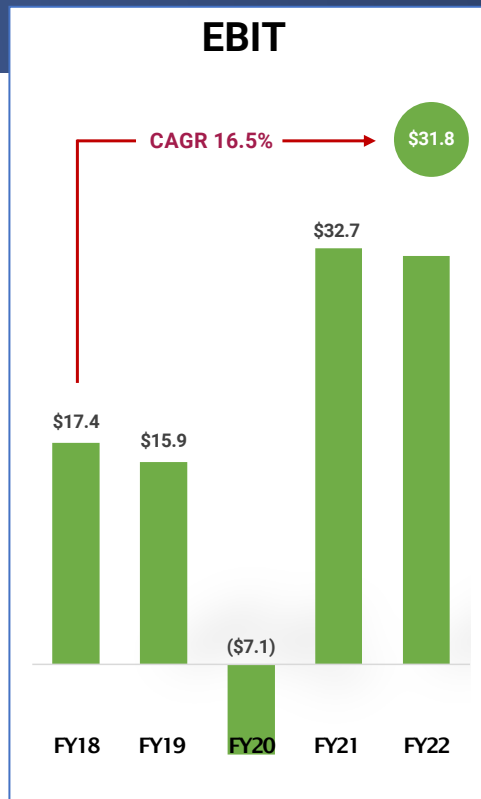
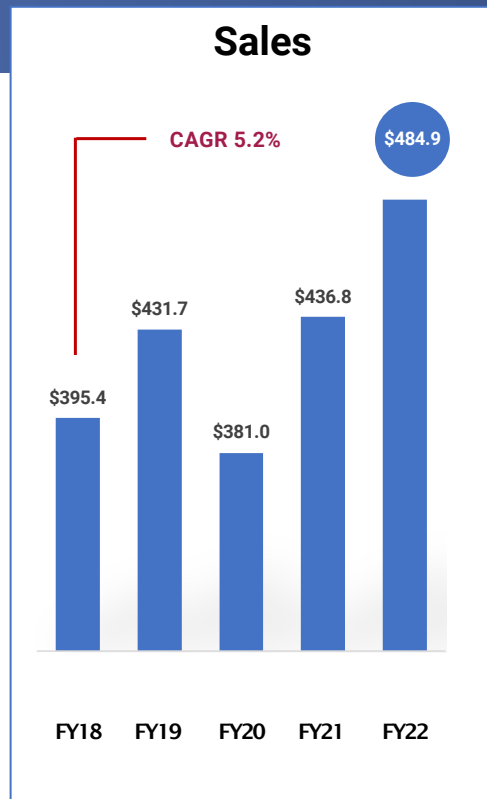


# DELTA APPAREL, INC. TODAY

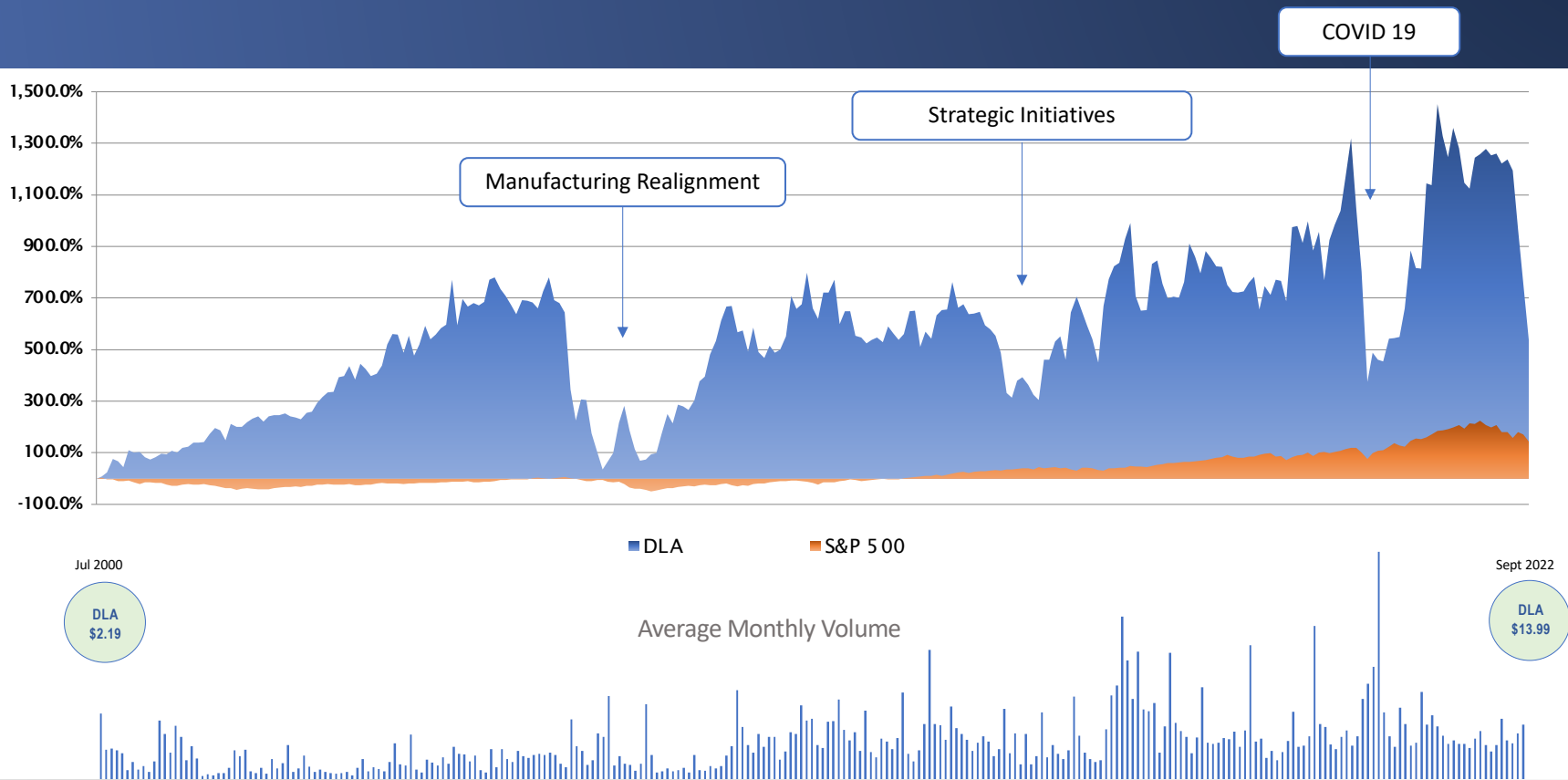
- ▲ Five distinct go-to-market strategies
- ▲ Vertically-integrated manufacturing supply chain
- ▲ Leader in the rapidly growing on-demand digital print market
- ▲ Aspirational lifestyle brand, Salt Life, with expanding direct-to-consumer business
- ▲ Strong commitment to sustainability



# DELTA APPAREL, INC. – SALES & PROFITABILITY GROWTH



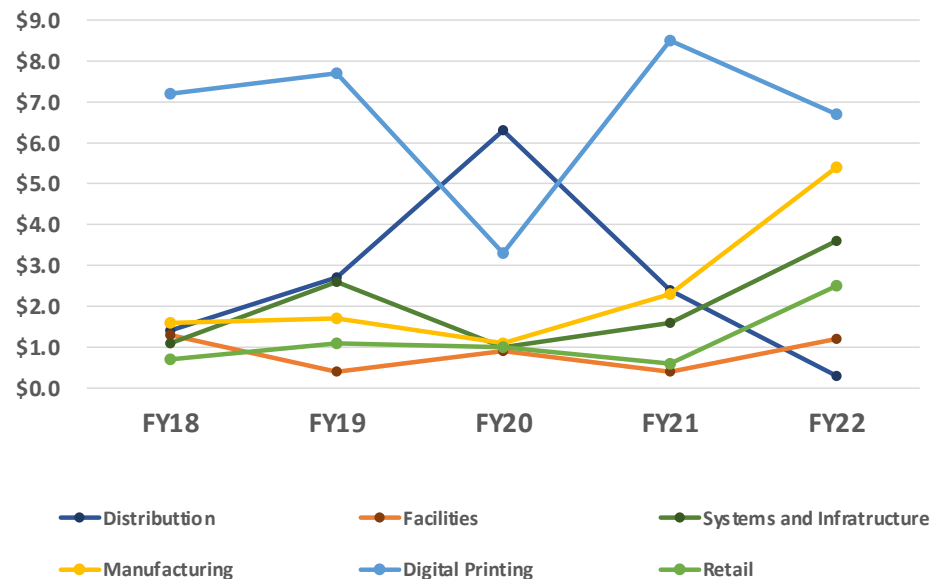
# DLA STOCK PERFORMANCE



# CAPEX INVESTMENT

(in millions)	FY18	FY19	FY20	FY21	FY22
Distribution	\$1.4	\$2.7	\$6.3	\$2.4	\$0.3
Facilities	1.3	0.4	0.9	0.4	1.2
Sys and Infrastructure	1.1	2.6	1.0	1.6	3.6
Manufacturing	1.6	1.7	1.1	2.3	5.4
Digital Printing	7.2	7.7	3.3	8.5	6.7
Retail	0.7	1.1	1.0	0.6	2.5
<b>TOTAL</b>	<b>\$13.3</b>	<b>\$16.2</b>	<b>\$13.6</b>	<b>\$15.8</b>	<b>\$19.9</b>

CAPEX Investment  
(in millions)

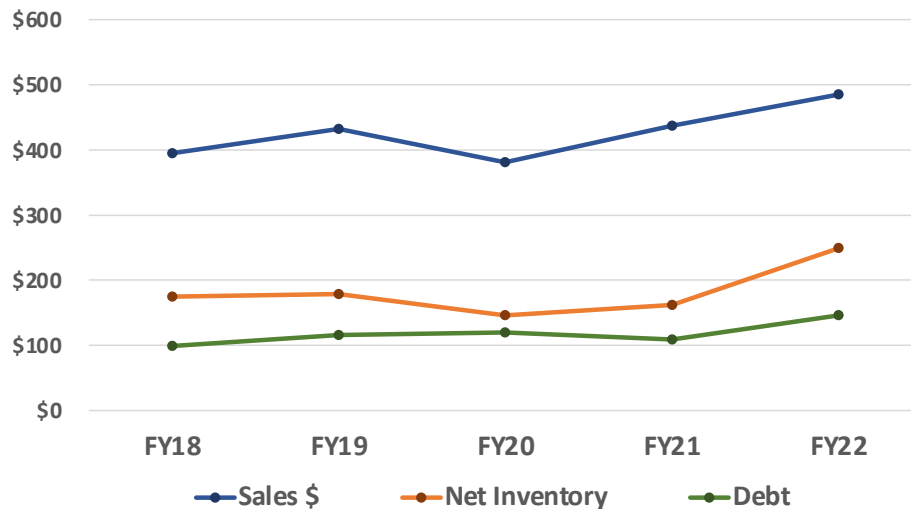


# FIVE-YEAR REVIEW

## SELECT KPI's

(in millions)	FY18	FY19	FY20	FY21	FY22
Sales \$	\$395	\$431	\$381	\$437	\$485
Inventory	\$175	\$179	\$146	\$162	\$249
Debt	\$99	\$116	\$120	\$109	\$146

Select KPI Trends  
(in millions)



# DELTA GROUP AT A GLANCE

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

## FY22

REVENUE: \$424.8m

GROSS MARGIN: 18.3%

SG&A: 9.9%

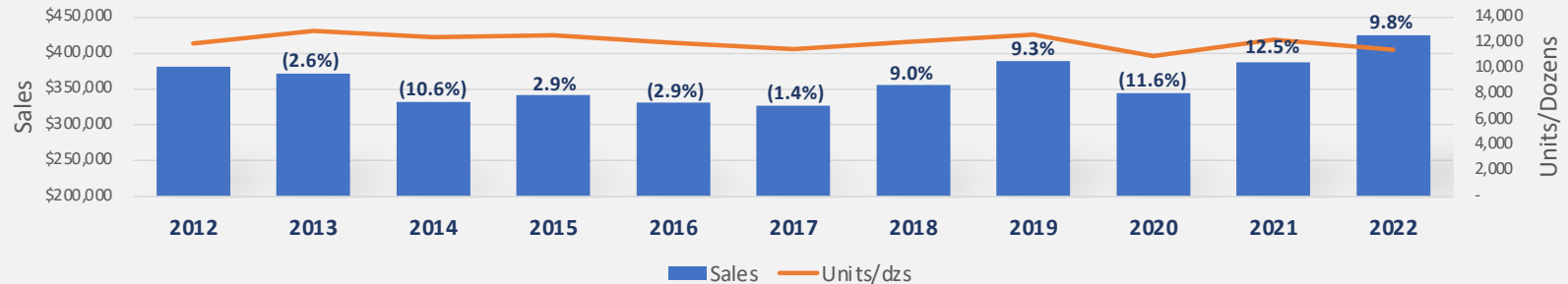
OPERATING INCOME: \$ 38.1m

EMPLOYEES: 8,028



## Sales

(000s omitted)





# DELTA DIRECT

Delta Direct services key channels such as regional screen print and retail licensing, whose customers sell through to many mid-tier and mass market retailers, as well as the promotional/ad specialty channel and others including the eRetailer channel.



## GO-TO-MARKET STRATEGIES

### DELTA DIRECT

#### PRODUCTS SERVICES

- Delta blanks
- Delta Platinum
- Delta Dri
- Delta Soft
- Soffe branded
- Sourced brands

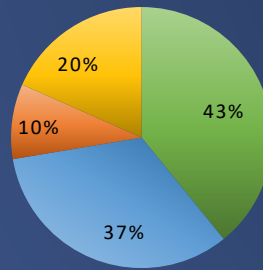
#### CHANNELS

- Retail license
- Regional screenprint
- ASI / Promotional
- eRetailers
- Team dealers
- Licensed IP holders

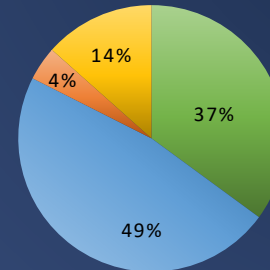
Walmart  TARGET 



### MARKET SEGMENT BREAKOUT



FY21



FY22

Regional Screenprinters Retail License Ad Specialty Other



# GLOBAL BRANDS

Global Brands serves as a key supply chain partner to large multi-national brands, major branded sportswear companies, trendy regional brands, and all branches of the United States armed forces, providing services ranging from custom product development to shipment of branded products with “retail-ready” value-added services.



## GO-TO-MARKET STRATEGIES

### GLOBAL BRANDS

#### PRODUCTS SERVICES

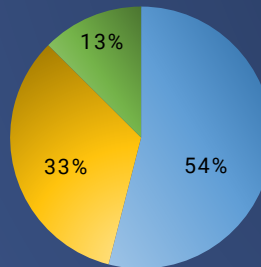
- Vertically-integrated supply chain partner
- Value added services
- Screen print
- Retail packaging
- Custom garments
- EDI

#### CHANNELS

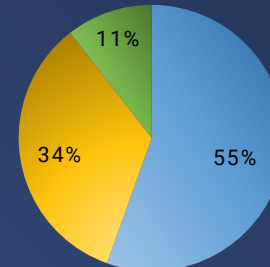
- Global & regional brands
- Major sports brands
- US Military



### MARKET SEGMENT BREAKOUT



FY21



FY22

Global/Regional Brands

Sports Brands

Military







U.S. Marine Corps



Coast Guard



U.S. Air Force



U.S. Navy



U.S. Army



# RETAIL DIRECT

Retail Direct provides Delta and Soffe products directly to the retail locations and ecommerce fulfillment centers of a diversified base of brick and mortar and eCommerce merchants including sporting goods and outdoor retailers, specialty and resort shops, farm and fleet stores, department stores, and mid-tier retailers.

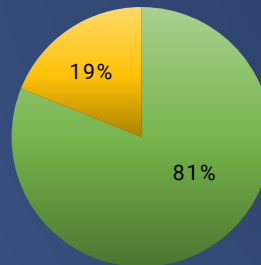


## GO-TO-MARKET STRATEGIES

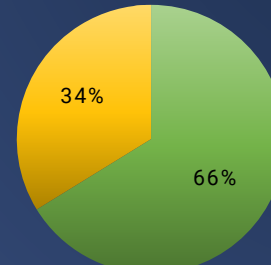
RETAIL DIRECT	
PRODUCTS SERVICES	<ul style="list-style-type: none"><li>• Delta blanks</li><li>• Delta Platinum</li><li>• Soffe branded</li><li>• Retail brands</li><li>• Screen print</li><li>• Retail packaging</li><li>• EDI</li></ul>
CHANNELS	<ul style="list-style-type: none"><li>• Brick and mortar retailers</li><li>• eCommerce</li></ul>



### MARKET SEGMENT BREAKOUT



FY21



FY22

Brick and Mortar

eCommerce Platforms



# 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 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*



REDBUBBLE

VANS



Scalable Press

## DELTA ACTIVEWEAR

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



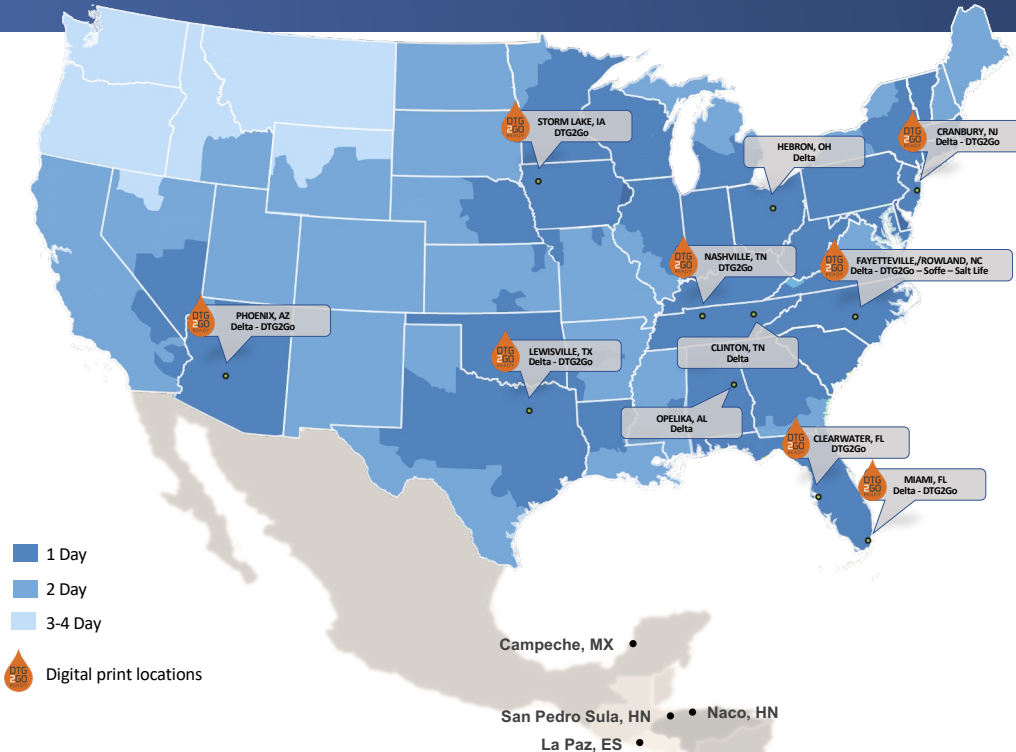
## DTG2GO

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

**A vertically-integrated platform**



# DISTRIBUTION AND FULFILLMENT NETWORK



## Distribution

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

## Manufacturing

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

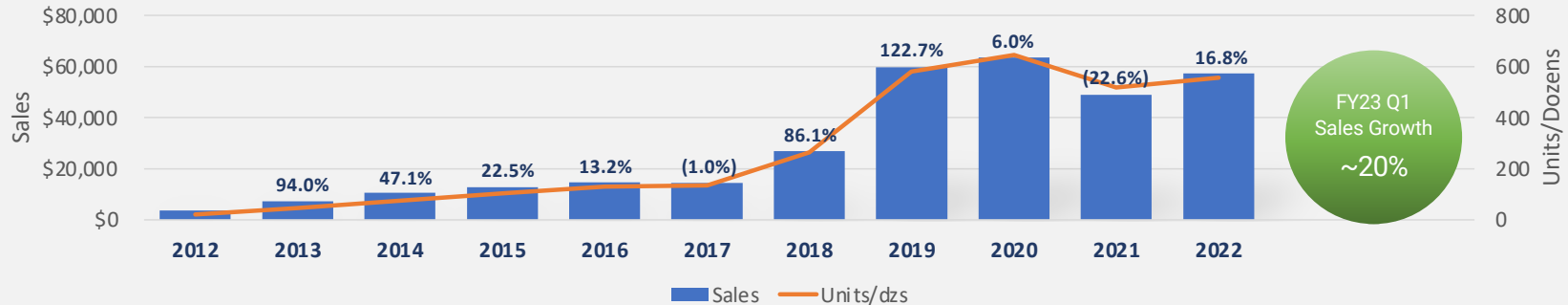
# DTG2Go AT A GLANCE

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

Through integration with Delta Activewear, DTG2Go services eRetailers, eCommerce platforms, retail brands, and the ad-specialty, promotional and screen print marketplaces, among others.



## GO-TO-MARKET STRATEGIES

DTG2GO	
PRODUCTS SERVICES	<ul style="list-style-type: none"><li>Vertically-integrated digital print and fulfillment</li><li>Custom packaging</li><li>Make on demand</li><li>Ship direct to customers</li></ul>
CHANNELS	<ul style="list-style-type: none"><li>eRetailers</li><li>eCommerce platforms</li><li>Brands</li><li>Retailers</li><li>IP holders</li></ul>



REDBUBBLE

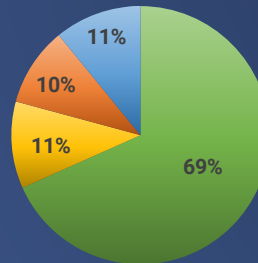


Fanatics

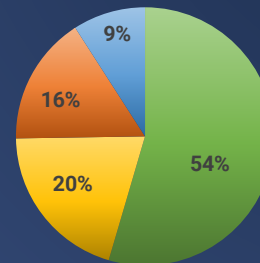


Scalable Press

### MARKET SEGMENT BREAKOUT



FY21



FY22

eRetailers eCommerce Platforms Retail Brands Other

# DIGITAL PRINT AND FULFILLMENT

*DISRUPTED: Traditional screen and other printing*

- ▲ Reduced inventory/working capital investment and risk
- ▲ Quicker from order to customer's porch
- ▲ Eco-friendly (less inventory transportation and disposal cost)
- ▲ More efficient short run and quick reaction programs
- ▲ More efficient replenishment strategies
- ▲ Unlimited color options and design reproduction
- ▲ Reduced labor and training requirements
- ▲ Smaller space requirements



# 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



# DTG2GO – “FIRST MOVER” & INDUSTRY LEADER



- ▲ Largest digital direct-to-garment printer in world outside of Amazon
- ▲ Early adopter and beta tester of digital print technology
- ▲ Market-unique “On Demand DC” integration with Delta Direct vertical platform creates “never out of stock” inventory and seamless fulfillment solutions
- ▲ 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



# 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, and accessories including its own craft beer, Salt Life Lager.

## FY22

**REVENUE: \$60.1m**

**GROSS MARGIN: 51.6%**

**SG&A: 38.7%**

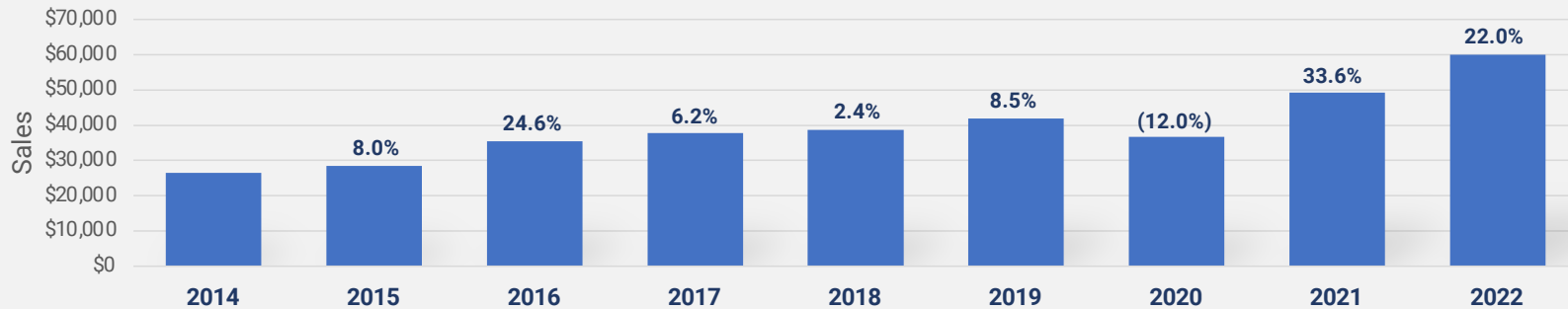
**OPERATING INCOME: \$7.8m**

**RETAIL STORES: 21 stores (7 states)**

*Salt Life*



Sales  
(000s Omitted)



# SALT LIFE

An authentic, aspirational lifestyle brand that represents a passion for the ocean, the salt air, and, more importantly, a way of life and all it offers, from surfing, fishing, and diving to beach fun and sun-soaked relaxation.

*Salt Life*

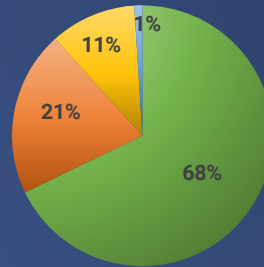


## GO-TO-MARKET STRATEGIES

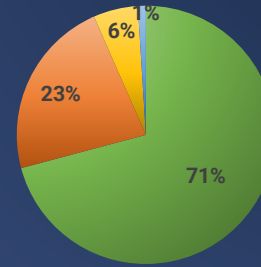
SALT LIFE	
PRODUCTS SERVICES	<ul style="list-style-type: none"><li>• Delta sourced</li><li>• Decals</li><li>• Sourced fashion</li><li>• Sourced accessories</li><li>• Licensed restaurants</li><li>• Licensed beer</li></ul>
CHANNELS	<ul style="list-style-type: none"><li>• Wholesale</li><li>• Salt Life branded retail</li><li>• Salt Life branded eCommerce</li><li>• Third party licensing</li></ul>



## MARKET SEGMENT BREAKOUT



FY21

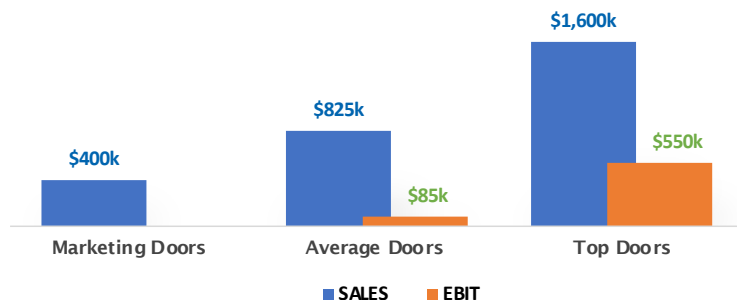


FY22

Wholesale Branded Retail eCommerce Other

# BRANDED RETAIL

## FINANCIAL OVERVIEW



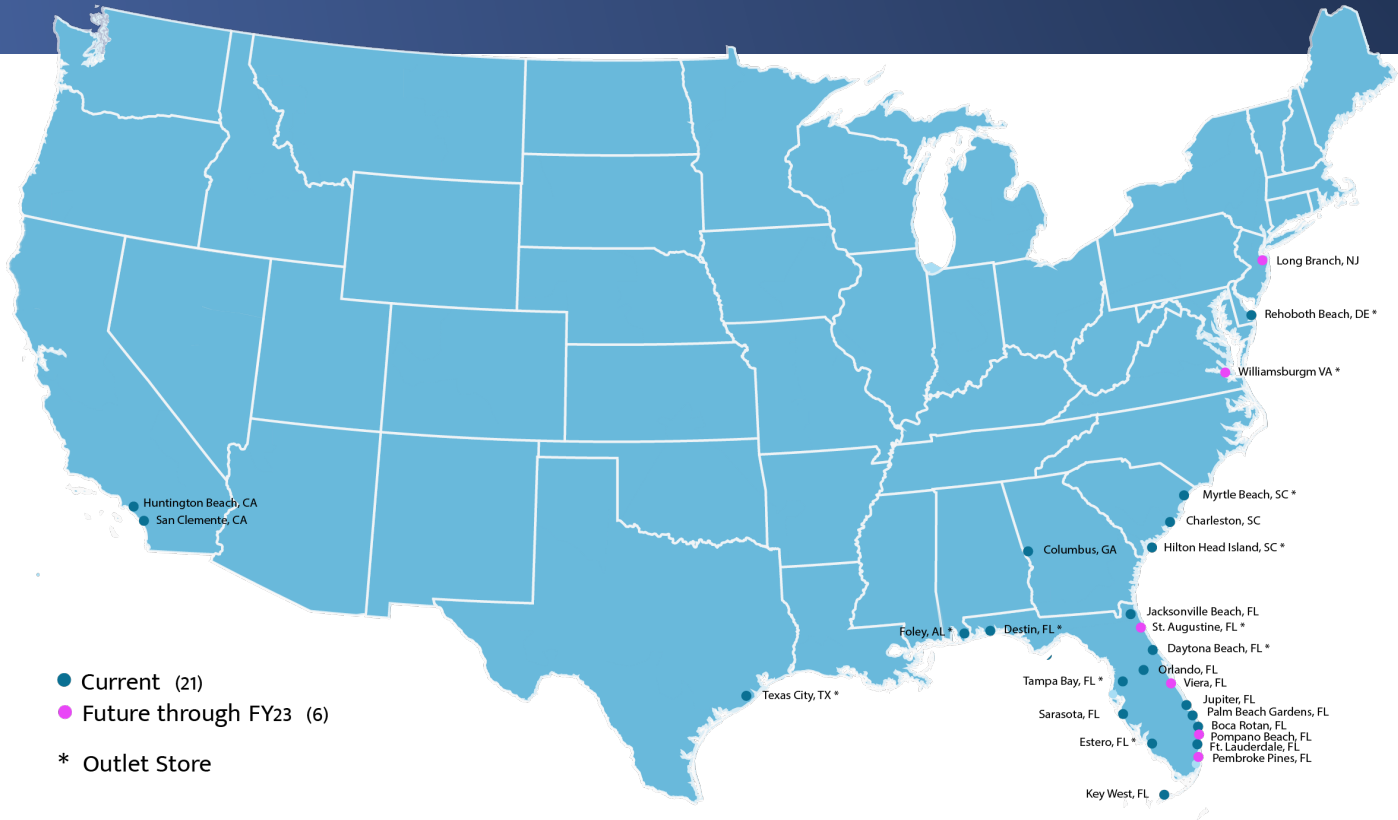
## RETAIL DOOR OVERVIEW

- ~ 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



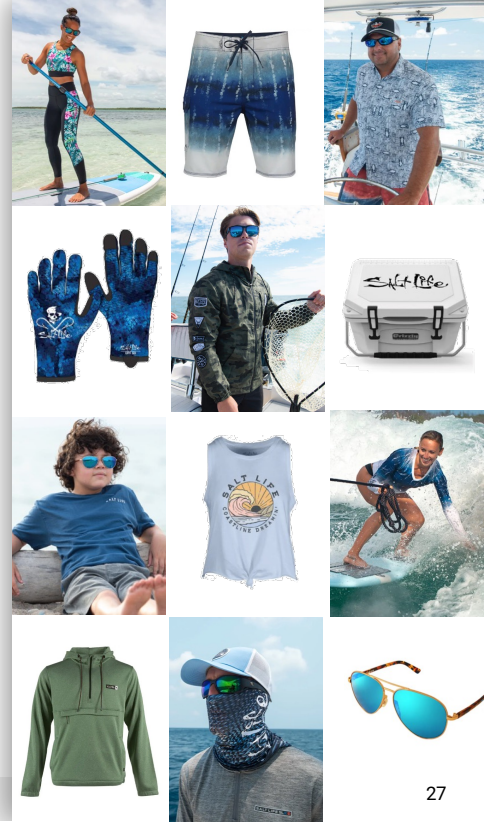
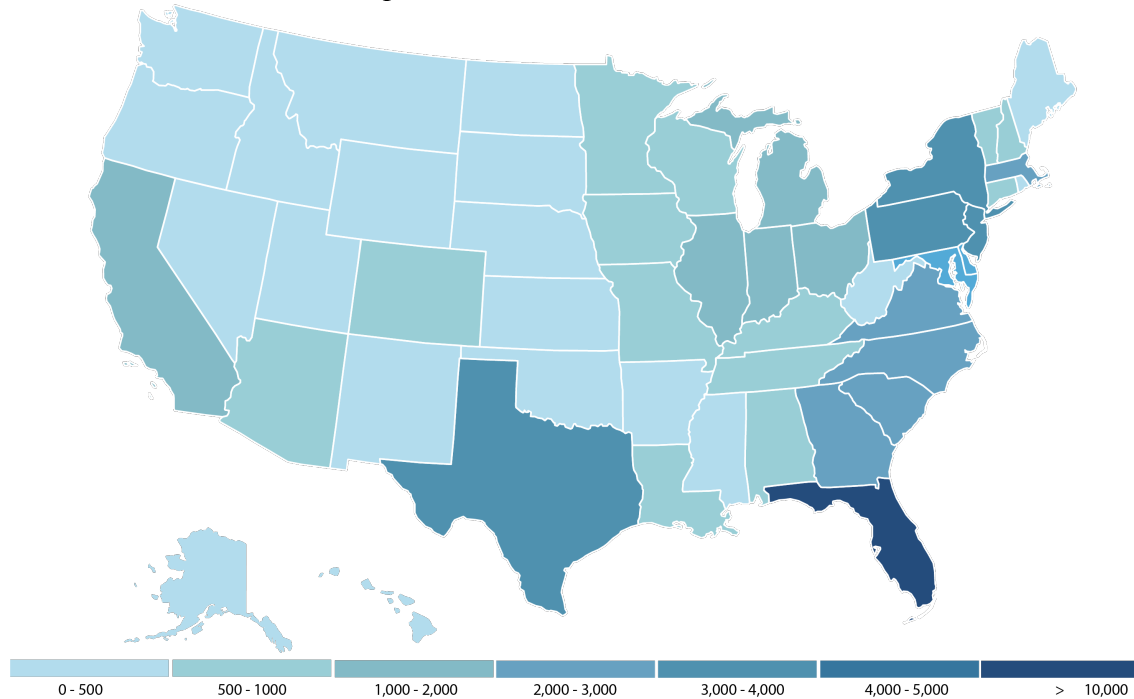
# BRANDED RETAIL





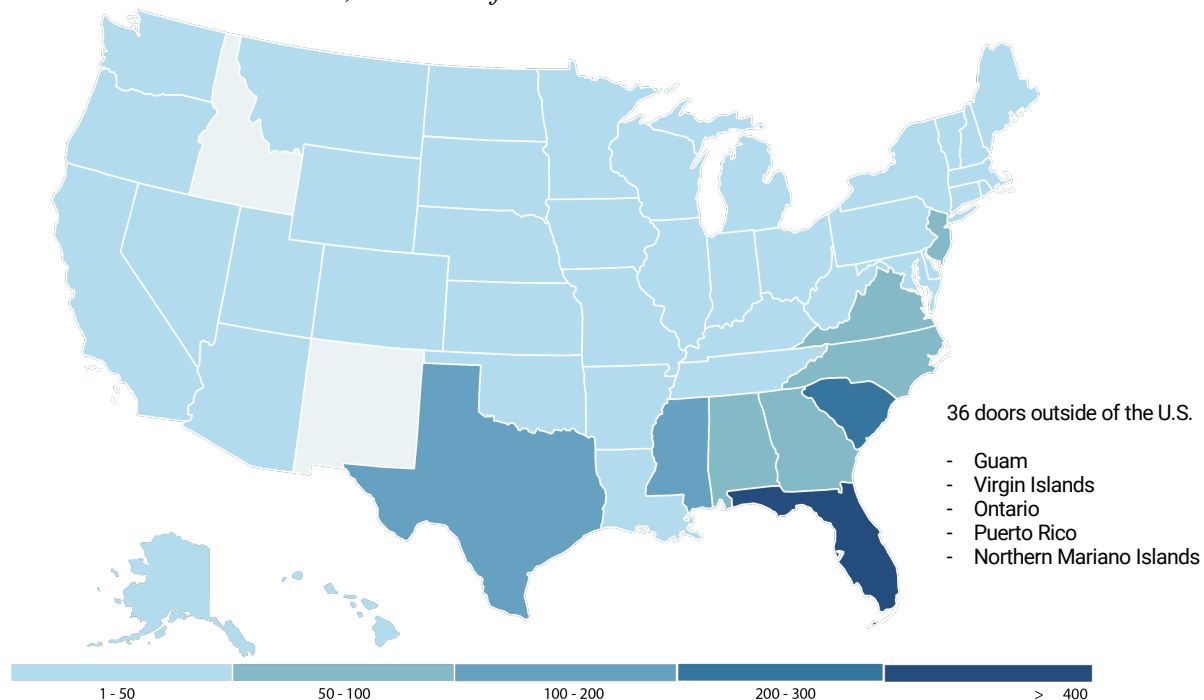
# ECOMMERCE SHIPPING

*Shipments to consumers in all 50 states*



# WHOLESALE FOOTPRINT

*~1,727 Salt Life doors across 48 states*



belk

DICK'S  
SPORTING GOODS

Bealls

Dillard's

★ macy's

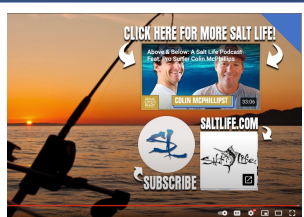


# SOCIAL MEDIA FOOTPRINT



- VIEWS: 136m
- LIKES: 1.1m
- FOLLOWS: 1.2m

facebook



- VIEWS: 48m
- POSTS: 731
- LIKES: 94k
- FOLLOWS: 81k

You Tube

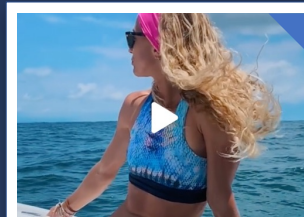


- VIEWS: 27m
- POSTS: 9k
- FOLLOWS: 335k

Instagram



- VIEWS: 6m
- POSTS: 61k
- LIKES: 94k
- FOLLOWS: 82k



- LIKES: 718k
- FOLLOWS: 65K

TikTok

# Green Valley Industrial Park





# Green Valley Industrial Park



## Did you know....

- Delta Apparel, Inc. Owns 31% of Green Valley
- Delta Apparel, Inc. receives ~\$2,000,000 in dividends annually from Green Valley
- Ceiba Textiles is located in Green Valley
- Park Energy is part of Green Valley
  - Operates the largest industrial solar energy installation in Central America

# GREEN VALLEY ADVANCED MANUFACTURING HUB



The largest industrial solar plant in Central America

## Eco-Efficient & Advanced

*Green Valley Advanced Manufacturing Hub*

State-of-the-art telecommunications to forward-thinking policies and pioneering approaches to energy management.

ISO 14001:2015-certified

# GREEN VALLEY ADVANCED MANUFACTURING HUB



Carbon-neutral mid- and long-term strategies

## Environmental Sustainability Initiatives

*Certified for Environment Management Systems*

Reforestation initiatives using a variety of plants and trees from Green Valley nursery, which are then used for campaigns such as “A Greener Honduras”.

ISO 14001:2015-certified



# DELTA APPAREL, INC. CONSERVING THE ENVIRONMENT



Greenhouse Gas Emissions	Emissions Intensity	Water Usage	Wastewater Recycling	Waste Recycling	Safe Chemistry	Responsible Sourcing
Improved 3.5%	Improved 12%	Improved 7.3%	Greater than 87%	Fabric, ink and cardboard programs	Restrictive Substance Compliance	Greater than 90%

*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” to collect and donate thousands of plastic bottle caps to companies that recycle them



## CAMPECHE

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

## DELTA CORTES

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

## CEIBA TEXTILES

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



## TEXTILES LA PAZ

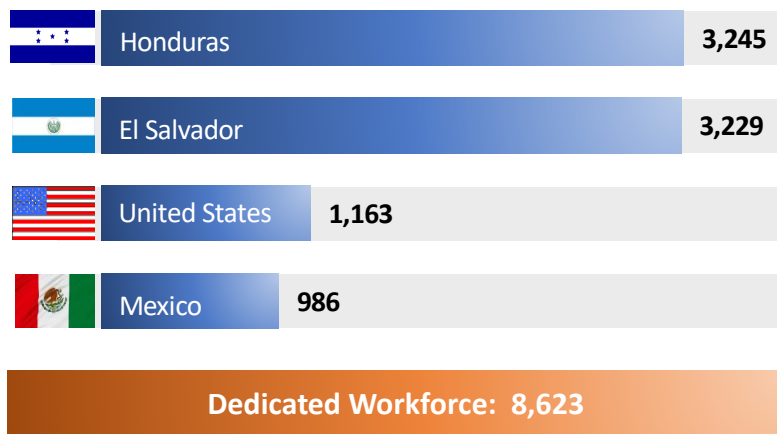
Employees painted the entrance of the Caserio Ojo de Agua school and installed four fans in two classrooms

# DELTA APPAREL, INC.

## OUR PEOPLE

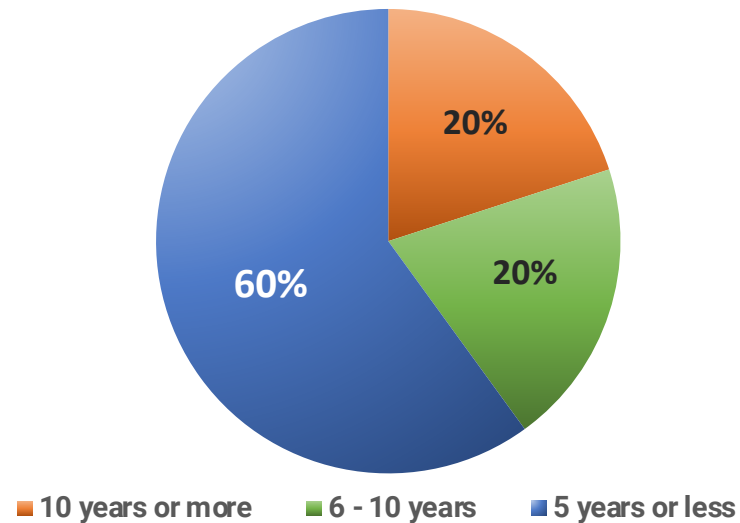


Our greatest asset . . .



*As of Fiscal Year-End  
(October 1, 2022)*

## Employee Tenure



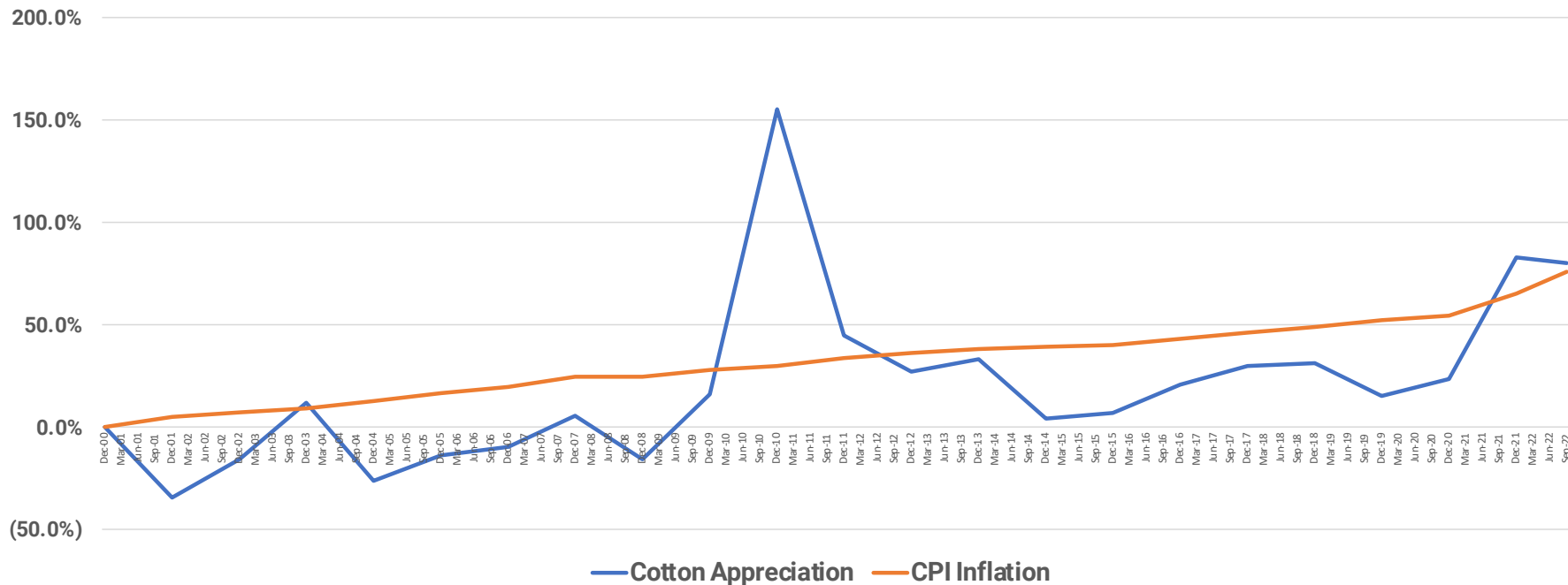


## FISCAL YEAR 2023



- ▲ A New Fiscal Year
- ▲ New Economic Realities
- ▲ New Consumer Behavior
- ▲ Further COVID Impact

# COTTON VS. CPI INFLATION



# DELTA GROUP – FY23 OBJECTIVES

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

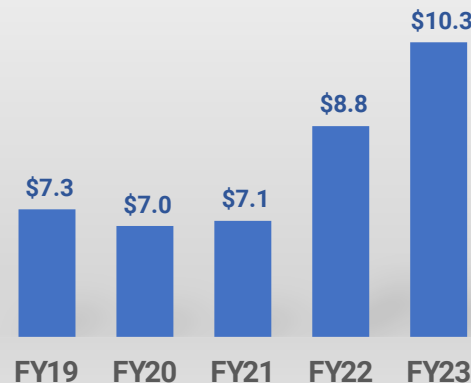




# SALT LIFE GROUP – FY23 OBJECTIVES

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

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



# NAVIGATING FY23



- ▲ Align manufacturing output with demand
  - Reduction of fabric production
  - Reduction of sewing output
  - Manage screen print and packing to demand
  - Reduce inventories sequentially by quarter



- ▲ Strong growth
  - Strong unit sales growth each quarter
  - Reduce seasonality of business
  - Improve operating margins by quarter



- ▲ Sales growth across all channels of distribution
  - Wholesale
  - Salt Life retail
  - Salt Life eCommerce
  - Royalty income



**THANK YOU**



DELTA APPAREL, INC.

NYSE AMERICAN: DLA

ANNUAL MEETING

FEBRUARY 9, 2023