

12.2023

DESA

Investor Presentation



- 01 | Introduction
- 02 | Business Overview
- 03 | Sustainability
- 04 | Financials



DESA at a Glance

Investment Summary

Shareholding Structure

DESA at a Glance

production facility of **15.500 m²**
Sefaköy Factory & Head Office

production facility of **20.000 m²**
Çorlu Tannery Facility

production facility of **10.000 m²**
Düzce Factory

production facility of **2.000 m²**
Tuscany Factory



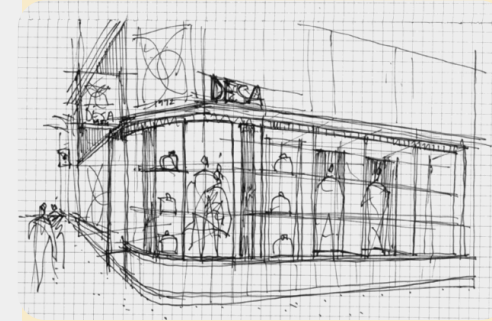
Established in
1972

IPO
2004

Free Float
35%

1.536 Employees

Stores



Total Area
14.812 m²

Total Number
of Stores
112

1	95	17
Online	DESA	JV

International Design Team

Samsonite Partnership

16th year of JV
40% Desa – 60% Samsonite

Lead Exporter

*in leather and leather goods**
4 years in a row (2018-2022)

(*) Source: Leather and leather products exporters association data, 2022

Investment Summary



Considerable FX gains on differentiated business structure



Possible opportunities for luxury goods' export on newly established Italian factory



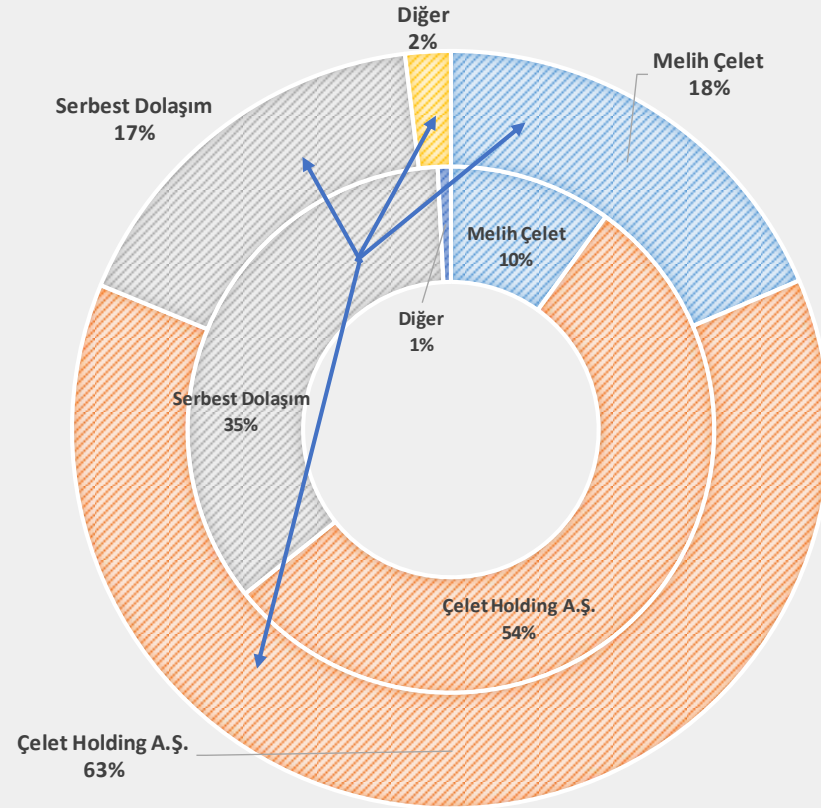
2nd Generation in Management:
Family business in harmony



Strong cash position at the end of 2023:
Net cash position of TRY 778,8 million,
USD equivalent of 26,5 million



Shareholding Structure & Board of Directors



Board of Directors	Position
Melih Çelet	Chairman
Burak Çelet	Vice Chairman
Burçak Çelet	Board Member
Bahar Deniz Egemen	Independent Board Member
Numan Emre Bilge	Independent Board Member

The Capital Market Board (CMB) ratified the application for increase in Capital Ceiling from TRY 245 million to TRY 750 million on 29th of February 2024

(*) As of 31.12.2023, among the free floating shares, 2.788.473 shares (1,138%) are acquired by Adesa Mağazacılık Tekstil ve Deri Sanayi Ticaret A. Ş., 20.972.837 shares (8,56%) are owned by Mr.Melih Çelet, and 20.554.717 shares (8,39%) are acquired by Çelet Holding A. Ş.



BUSINESS OVERVIEW

Vertically Integrated Business Model

Production Facilities

Investment in Italy

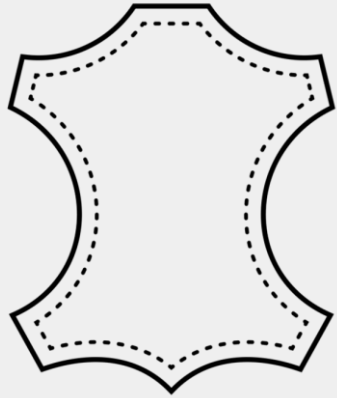
Turquality Program

NINETEENSEVENTYTWODESA

New e-commerce Channel: Zalando

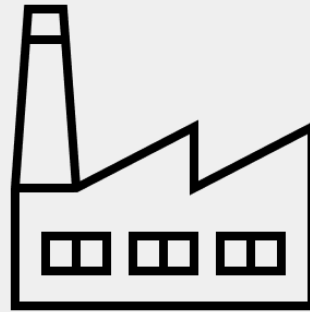
Vertically Integrated Business Model

The sole Turkish company in leather industry with a production facility located in Italy



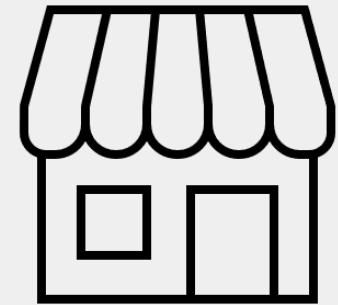
Raw Material Production

Çorlu Tannery Facility to process imported leather



Final Product Manufacturing

Leather bag and apparel production in Istanbul, Düzce and Italian factories



Retail Sales

Group owned 112 stores with 14.812 m² of space

Production Facilities & Employees

Sefaköy Factory & HO 15.500 m²



Production of leather goods and apparel, Showrooms, Design Studio and Demo Stores

Weekly capacity of 2.000 leather apparel, 1.000 textile and 6.000 leather bags and accessories

**911 Employees &
482 Store Employees**

Düzce Factory 10.000 m²



Production of clothing and accessories from processed leather

Weekly Capacity of 14.000 Bags

493 Employees

Tuscany Factory 2.000 m²



Production of clothing and accessories from processed leather

Weekly Capacity of 5.000 Bags

55 Employees

Çorlu Tannery 20.000 m²



Napa sheepskin, double-face and suede processing

Weekly capacity of 54.000 sheep skins, 2.000 double-faced

Production for DESA and for exports

77 employees

Total of 1.536 employees %50,4 Female, %49,6 Male

Investment in Italy - Production Facility and R&D Center

July 2022

Decision of investment

August 2022

Desa Internazionale SRL established, and Mr.Simone Norcini joined DESA Family as Factory Manager

September 2022

The entire Tuscany region is scanned from Prato to Arezzo, and it resulted in the lease of the facility in Poppi

October 2022

Construction projects, facility layouts, capacity projections following selections of architects, engineers and contractors are finalized, and the construction permits obtained

November 2022

Construction started

December 2022

It is decided to acquire the premises, and the acquisition is settled in February 2023

January 2023

Acceptance and installation of the machinery

March 2023

Kick-off of the recruitments

April 2023

Accomplishment of the training and orientation for the first generation of employees

May 2023

First production



Production Facility and R&D Center



Turquality Program



DESA is a Member since
2006



Government support for
50% of expenses made
abroad under the Turkish
Brand



DESA

1972

NINETEENSEVENTYTWO
DESA

To Create a
Brand

Rather than acquiring one

International Design Team



MANUELA COCCI

(2022-2023)

Reputable Design Director of many luxury brands such as Bear Milano - Versace - Costume National - Day Birger Et Mikkelsen - Desigual



IVANA OMAŽIĆ

(2023-2024)

Respected and highly experienced Designer and Creative Director from well known luxury brands like Prada - Miu Miu - Maison Martin Margiela - Celine - Jil Sander - MCM - Stone Island - Romeo Gigli and IO

NINETEENSEVENTYTWO COLLECTION



1972
NINETEENSEVENTYTWO
DESA

DESA, the first Turkish brand
featured on the official calendar
of Milan Fashion Week,
presents its women's and men's
collections, inspired by the year
1972, when it launched its first
handbag collection, to fashion
enthusiasts

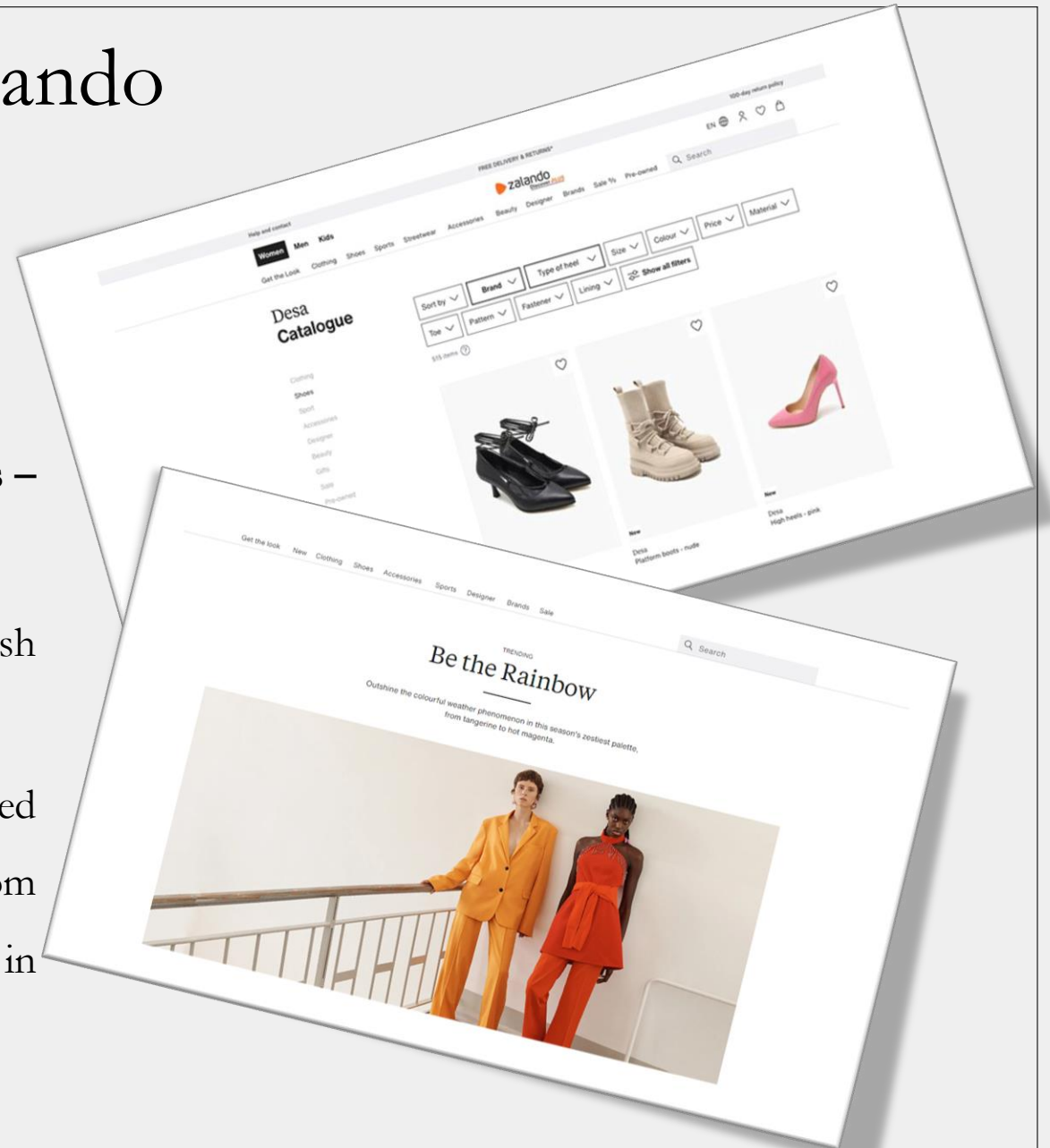


NINETEENSEVENTYTWO GLOBAL FOOTSTEPS

It is offered worldwide at 104 select points, with prices ranging from 900 to 3,000 EUR, featuring high-quality craftsmanship and minimalistic designs

New e-commerce Channel: Zalando

- Europe's key fashion e-commerce site
- Agreement signed on Aug'22 and Sales kicked-off in Jan'23
- Covering 5 countries: **Germany – Belgium – Netherlands – Austria – France**
- Cost effective with e-commerce support from Turkish Government
- The Goal is to offer a wide range of DESA branded products, from shoes to ready-to-wear clothing, and from bags to small leather goods, for a broad consumer range in Europe





()Solar Power Plant*

Düzce SPP*

Çorlu SPP

Certifications

Other Initiatives

Düzce SPP



- Built on 7.000 m² roof of Düzce Factory
- 1,023 MW Panel Capacity/ 0,800 MWe Installed Capacity
- Started operating on August 2022
- Investment Cost of TRY 12 million
- Expected to reach the break-even within 4-5 year range considering the current energy costs
- Factory consumption around 55,000 kwh
- SPP covering more than 93% of factory's consumption
- The goal is to use accessible and clean energy

(*) Excess production to be netted-off with Çorlu and Sefaköy Factories

Çorlu SPP



- On 9th of November 2022, the Board of Directors ratified establishment of an SPP in Çorlu Factory
- Built on the roof of the factory covering 3.300 m²
- The output is measured as 641,55 kW on February 2024 and its license is granted in April 2024 by TREDAS, the local distribution company
- Total investment cost is TRY 8.6 million
- This level of production will meet over 90% of the factory's demand

Certifications

"Gold Rated" Leather Working Group

- Accreditation: 2021
- Achieved the "Gold" level, a distinction attained by very few companies worldwide
- Obtained through evaluations in 17 categories: Water and Energy Usage, Waste Management, Chemicals Used, etc.
- Leather Working Group:
 - Responsible for one of the world's leading environmental certifications for the leather manufacturing industry
 - Operates in 60+ countries with 2,000+ members
 - A non-profit organization



Certifications

HIGG Index



Established in **2010**



250+ members



Developed by the Sustainable Apparel Coalition (**SAC**)



A standard that assesses environmental and social sustainability throughout the supply chain in the clothing and footwear industry

Higg FEM

(Facility Environmental Module)



Assessing the environmental impact of facilities

Higg FSLM

(Facility Social & Labor Module)



Assessing the social and labor conditions present in a facility and the effectiveness of social management programs

DESA

All Facilities Verified
for **Higg**

Higg Index



Certifications

SEDEX



Established in 2004



60,000 members in 180 countries



DESA is a member since 2005



All DESA facilities are audited by 3rd parties

DESA

All Facilities are
Ratified for **Sedex**



Other Sustainability Initiatives in DESA

- We replaced the motors of our sewing machines with next-generation motors to prevent unnecessary energy consumption
- We prioritize prevention, reduction, reuse, and recycling steps in waste management hierarchy
- To reduce natural resource usage and extend the lifespan of our products, we provide specific usage instructions for all our products
- With the awareness that our waste can serve as raw materials for another producer, we send our waste to relevant facilities for recycling
- We adhere to international standards in waste management and conduct periodic environmental education sessions with the participation of all employees to remain at the forefront as a company in this regard

Our upgrades to LED technology in the stores and facilities, resulted in 40% saving of energy

We are progressing towards our zero waste vision in all factories with waste bins



Examples of Our Corporate Social Responsibility Initiatives

A hope A Life Project

(Bir Umut Bir Yaşam Projesi)



Every Loop is A Support to A Women

(KEDV "Her İlmek Bir Kadına Destek")





Sales

Exports

EBITDA

Net Profit

Net Working Capital

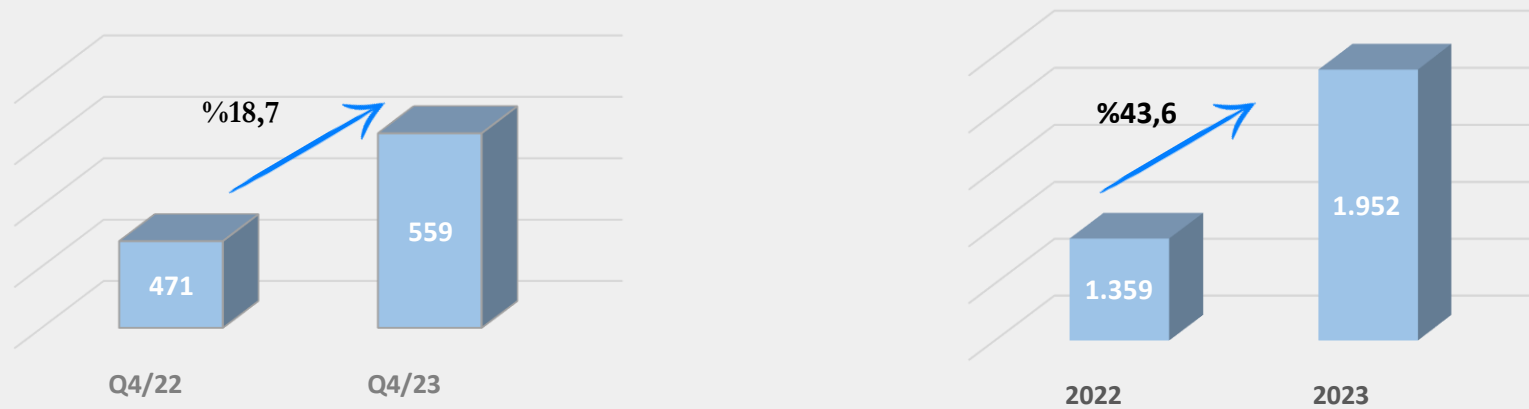
Income Statement

B/S - Net Cash - Ratios

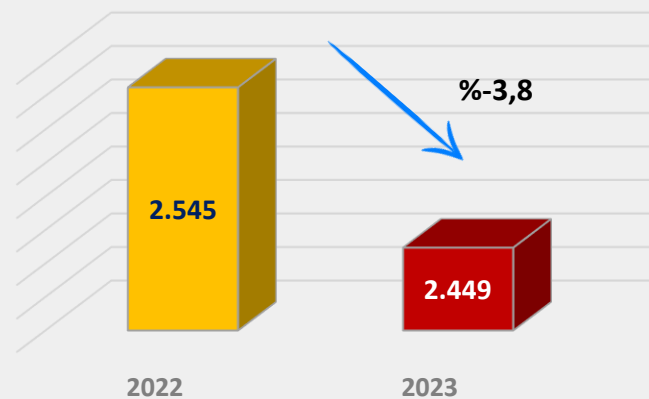
FX Position

Sales 2022 & 2023 *(in TRY million)*

Before
TMS 29
(IAS29)

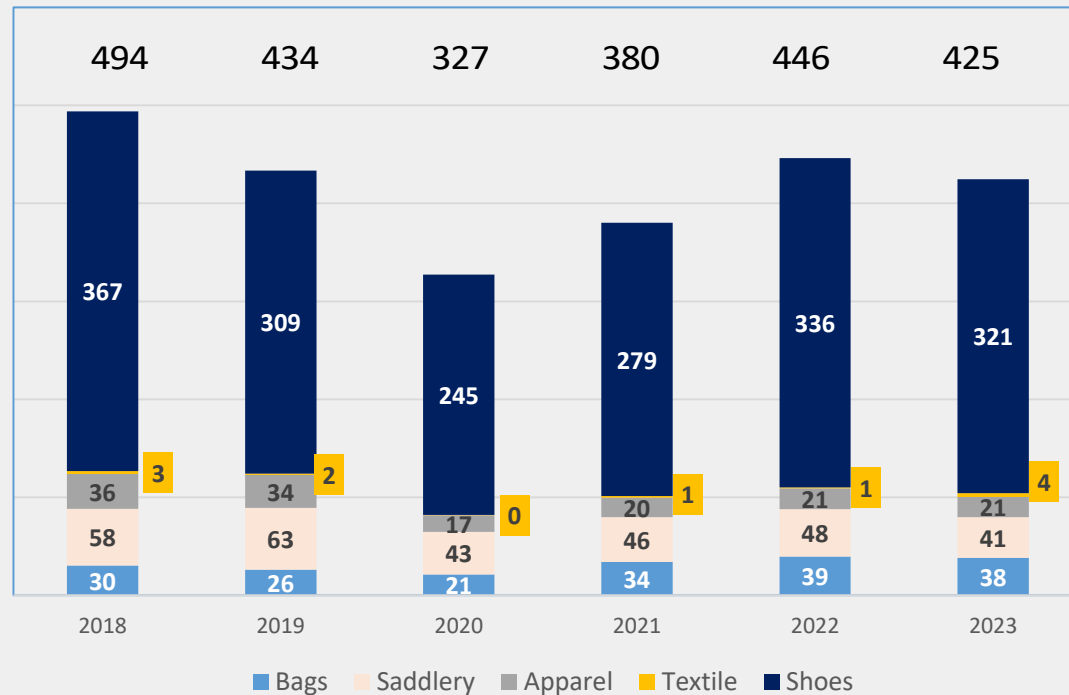


After
TMS 29
(IAS29)

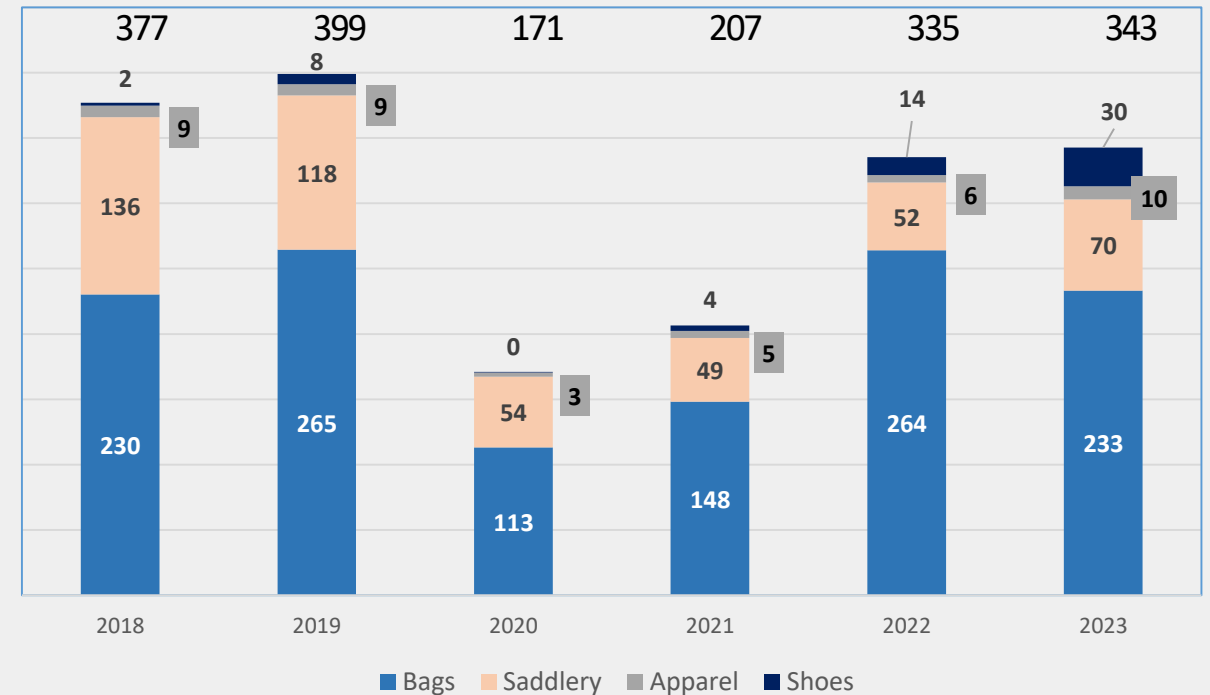


Number of Goods for Domestic Sales and Exportations

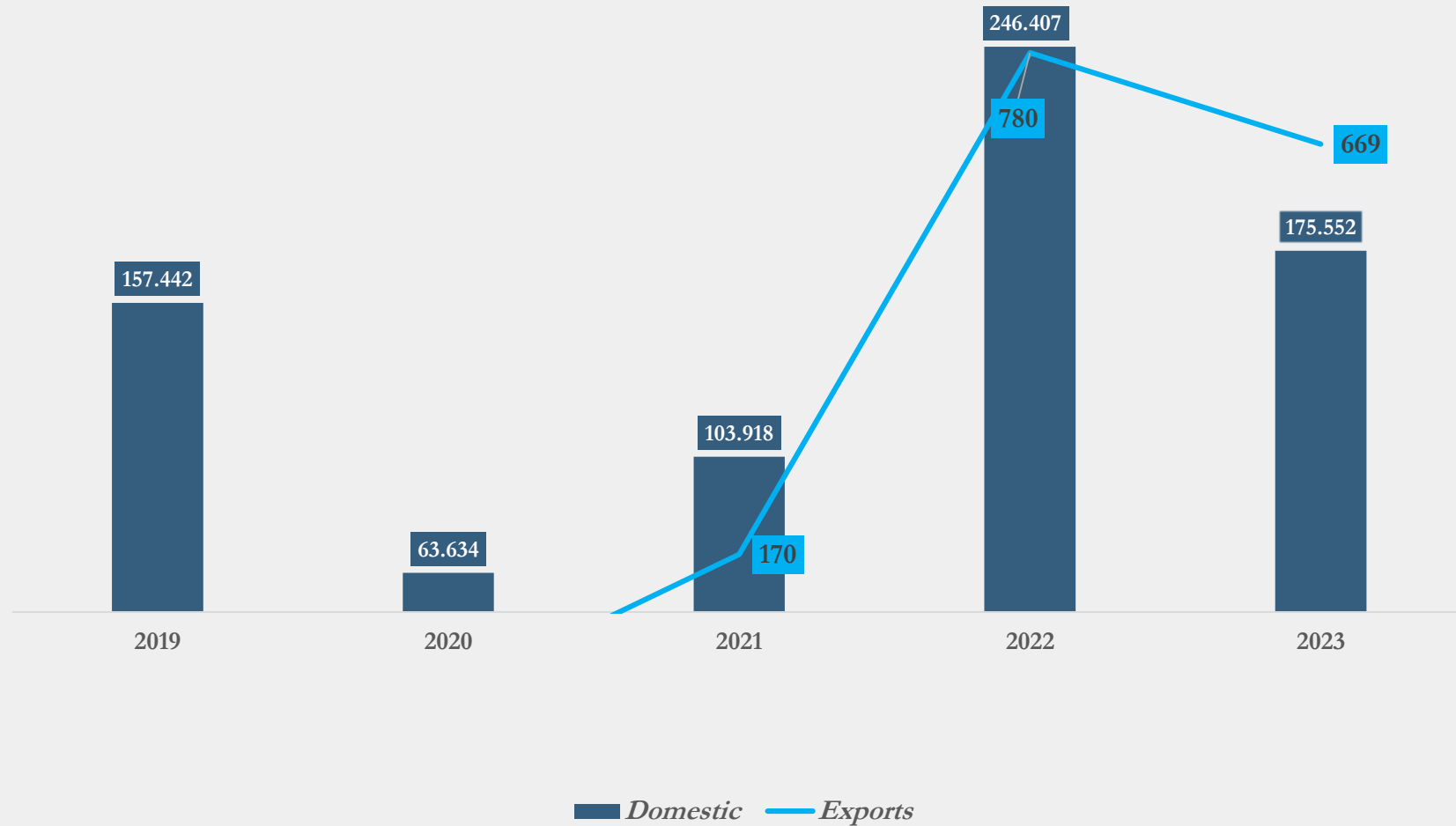
Domestic Retail & B2B ('000 Pieces)



Yearly Exportations ('000 Pieces)



Number of Samsonite Domestic And Export Sales*



(*) Excluding DESA-Samsonite JV, the figures are solely from DESA owned stores

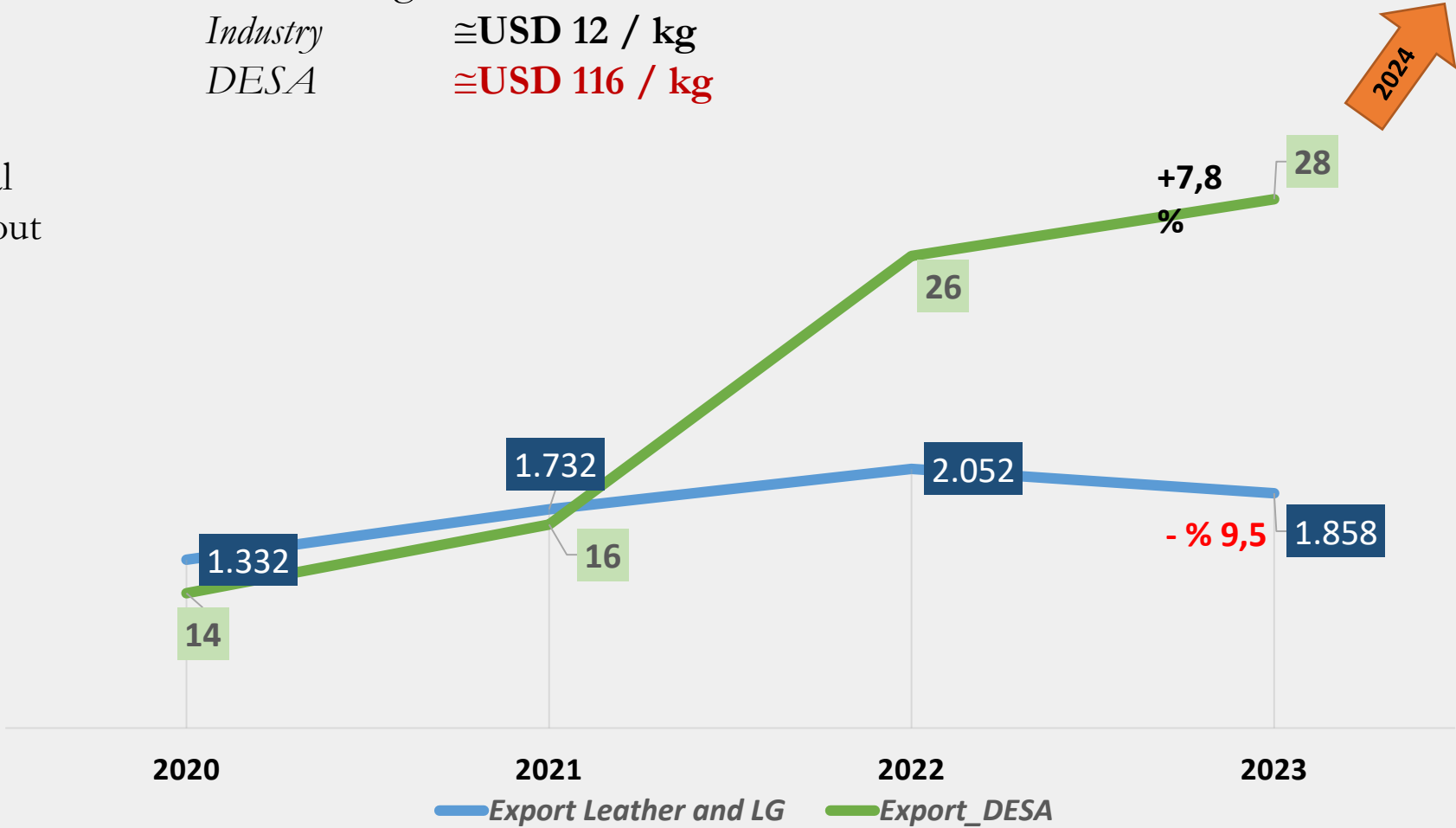
2023 Leather and Leather Goods Exportations

- Despite the depreciation of the Turkish Lira against other currencies, Turkey's overall exports have been negatively impacted by geopolitical developments
- Total exports in 2023 amounted to USD 221.7 billion, lagging behind 2022 exports by 2.0%
- During the same period, Leather and Leather Products exports also declined by 9.5%, dropping to USD 1.85 billion
- While DESA data under TMS 29 shows a 1.0% decrease in exports in USD terms, actual exports have increased by 7.8% in USD terms

Turkey's Leather and Leather Goods Exports & DESA (in USD millions)

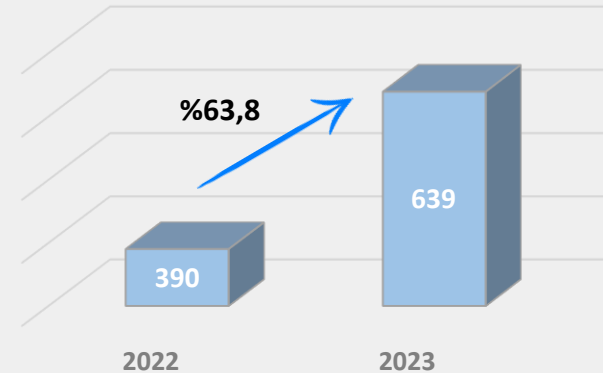
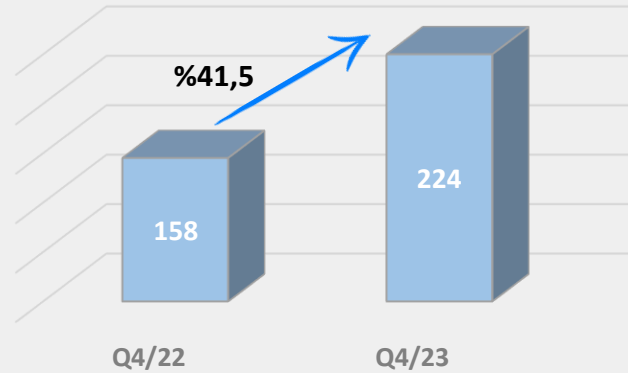
+ Value Adding Difference
Industry \cong USD 12 / kg
DESA \cong USD 116 / kg

In Nominal
Terms Without
TMS29

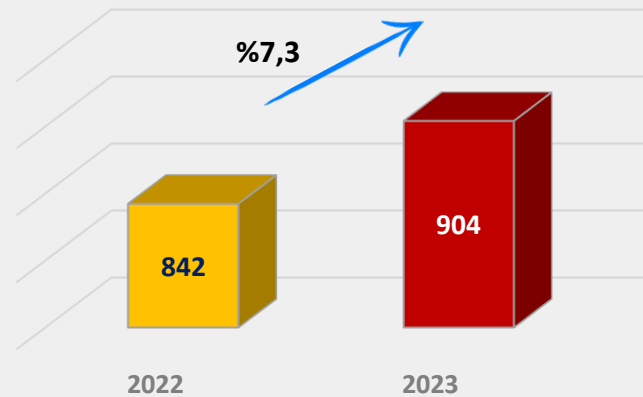


EBITDA 2022 & 2023 *(in TRY million)*

Before
TMS 29
(IAS29)



After
TMS 29
(IAS29)

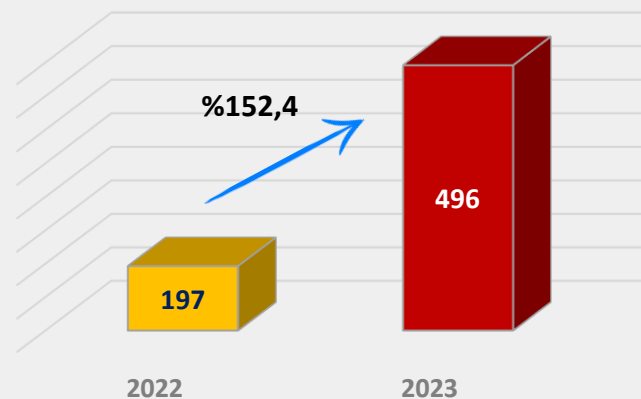


Net Profit 2022 & 2023 *(in TRY million)*

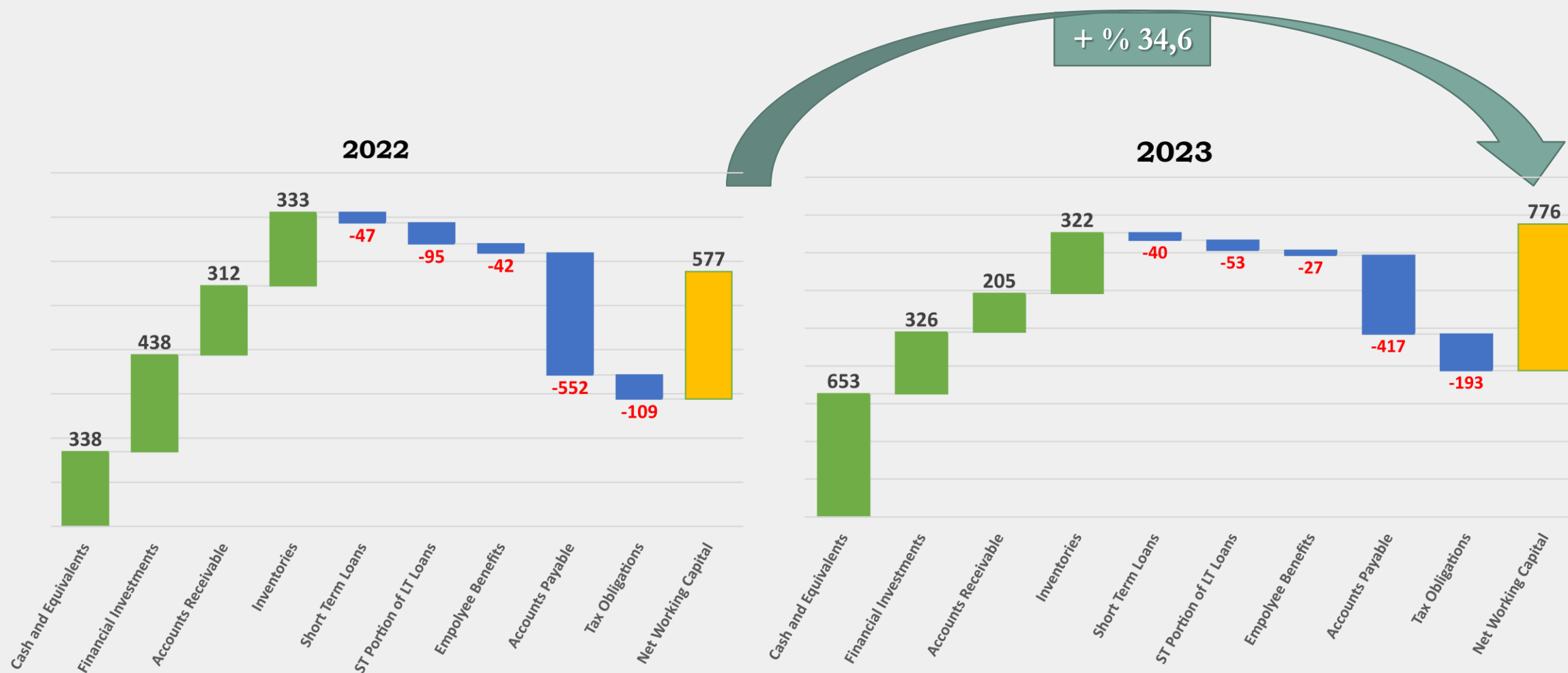
Before
TMS 29
(IAS29)



After
TMS 29
(IAS29)



Net Working Capital - TMS29 *(in TRY million)*



Income Statement - TMS29

<i>TRY million</i>	01.01- 31.12.2022	01.01- 31.12.2023	Change
Revenues	2.545,1	2.449,4	-3,8%
COGS	-1.494,8	-1.232,3	-17,6%
GROSS PROFIT / LOSS	1.050,3	1.217,1	15,9%
General & Administrative Expenses	-60,1	-98,6	64,2%
Marketing, Sales and Distribution Costs	-478,2	-590,6	23,5%
R&D costs	-8,2	-9,1	11,3%
Other Income from Operations	190,3	264,8	39,2%
Other Expenses from Operations	-120,2	-165,3	37,5%
	574,0	618,3	7,7%
Revenues from Investments	6,1	60,2	879,6%
Investment Expenses	-	-1,7	
Profit/Loss from Investments Valued by the Equity Method (Samsonite)	45,6	55,4	21,7%
	625,7	732,2	17,0%
Financial Income	161,9	438,4	170,8%
Financial Expenses	-161,6	-184,4	14,1%
Inflationnary Adjustment	-311,1	-353,9	13,8%
	314,9	632,3	100,8%
Tax Income / Expenditure from Operations	-118,4	-136,3	15,0%
Tax Income / Expenditure for the Period	-118,3	-231,4	95,7%
Deferred Tax Income	-0,2	95,2	
PROFIT/LOSS of the PERIOD FROM ONGOING OPERATIONS	196,5	496,0	152,4%
	196,5	496,0	152,4%
<i>Gross Profit Margin</i>	<i>41,3%</i>	<i>49,7%</i>	<i>+840 basis points</i>
<i>Net Income Margin</i>	<i>7,7%</i>	<i>20,3%</i>	<i>+1.250 basis points</i>
<i>EBITDA</i>	<i>842,2</i>	<i>904,1</i>	<i>7,3%</i>
<i>EBITDA Margin</i>	<i>33,1%</i>	<i>36,9%</i>	<i>+380 basis points</i>

Balance Sheet and Brief Ratios - TMS29

<i>(TRY Million)</i>	31.12.2022	31.12.2023	Change
<i>Current Assets</i>	1.524	1.684	10,5%
<i>Fixed Assets</i>	811	906	11,7%
Total Assets	2.335	2.590	10,9%
<i>Short Term Liabilities</i>	924	825	-10,7%
<i>Long Term Liabilities</i>	308	141	-54,3%
<i>Equity</i>	1.103	1.624	47,2%
Total Liabilities	2.335	2.590	10,9%
<i>Net Cash Position</i>	478,6	778,8	62,7%
<i>Net Cash Position in USD</i>	25,6	26,5	3,4%

<i>Ratios</i>	31.12.2022	31.12.2023	Benchmark
<i>Current Ratio</i>	1,6	2,0	>2
<i>Quick Ratio</i>	1,3	1,7	>1
<i>Leverage</i>	52,8%	37,3%	<%50
<i>Equity Ratio</i>	0,9	1,7	>1
<i>Cash Ratio</i>	0,8	1,2	>1

Foreign Currency Position & Loans

As of 31.12.2023

USD 14,9 million

Long Position

EUR 3,1 million

Long Position

Bank Loans

EUR 3,6 million

EXIMBANK Loan

Term: 2026

TRY 778 million

Net Cash

Deposits

USD 9,5 million

EUR 5,5 million
equivalent KKM*

EUR 9,1 million

GBP 1,2 million

USD Denominated
Eurobonds 5,0 million



() KKM is the Turkish abbreviation for Rate Protected Deposits. Customers exchanging their Foreign Currency to Local Currency and depositing this amount, are compensated in case there is a rate hike higher than the interest revenues, by the Turkish Treasury. This deposit is reconverted to Foreign Currency on 16.01.2024, at its maturity*

Thank you

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<https://www.desa.com.tr/investors/>

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