

1H2024

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



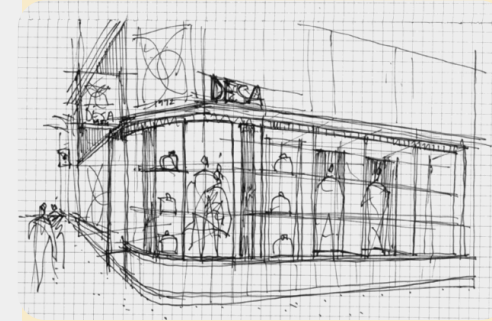
Established in
1972

IPO
2004

Free Float
35%

1.513 Employees

Stores



Total Area
14.870 m²

Total Number
of Stores
113

1	96	17
Online	DESA	JV

International Design Team

Samsonite Partnership

17th 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 amount of FX based revenues with diversified business structure



New opportunities for luxury goods' export with the newly established Italian factory



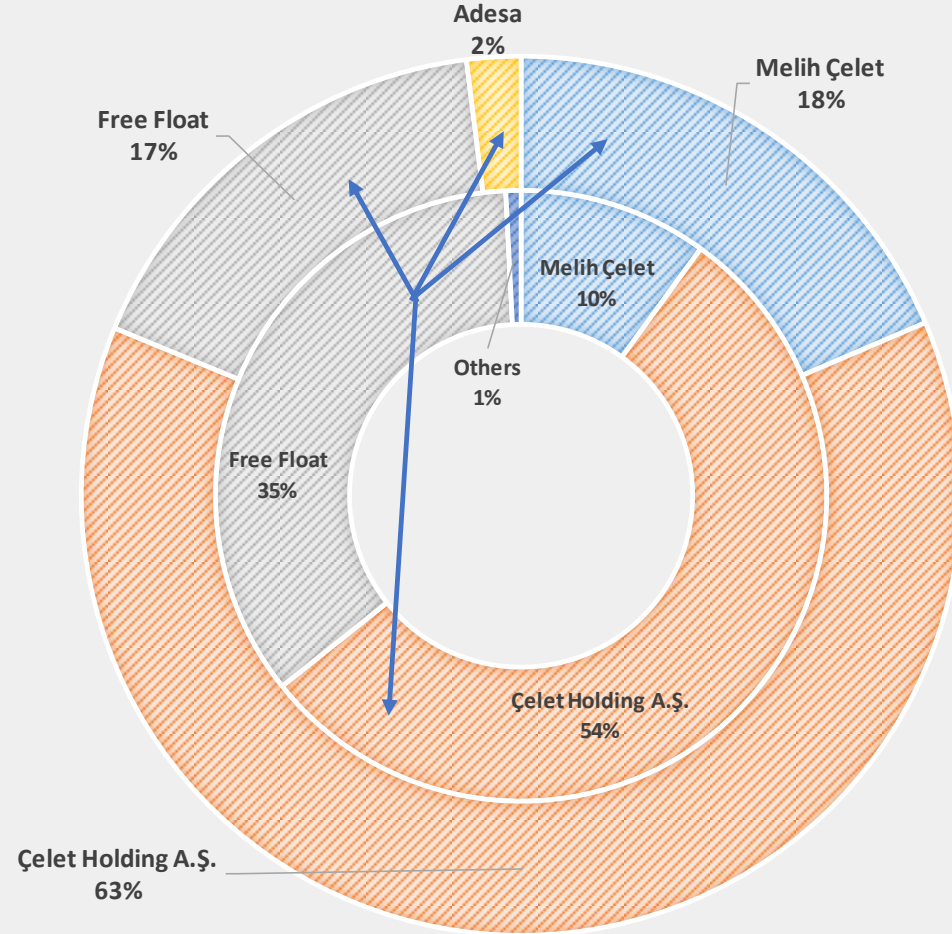
2nd Generation in Management:
Family members managing in harmony



Strong cash position at the end of 1H24:
Net cash position of TRY 1.026 million,
USD equivalent of 31,2 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
Mehmet Kaan Koz	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. This has been published in Turkish Commercial Registry Gazette in 13 May 2024, issue no.11080, upon approval from Istanbul Registry of Commerce.

(*) As of 30.06.2024 among the free floating shares, 2.908.473 shares (1,18713%) 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.



Vertically Integrated Business Model

Production Facilities

Investment in Italy

Turquality Program

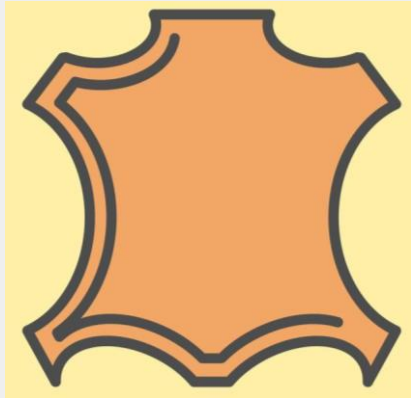
NINETEENSEVENTYTWODESA

Cross-border 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

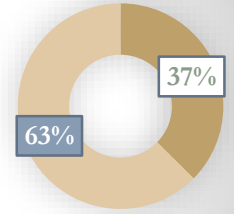
Leather bag and apparel production in Istanbul, Düzce and Italian factories



Retail Sales

113 stores with
14.870 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 7.500 leather bags and accessories

**428 Employees &
474 Store Employees**

Düzce Factory 10.000 m²



Production of clothing and accessories from processed leather

Weekly Capacity of 15.000 Bags

488 Employees

Tuscany Factory 2.000 m²



Production of clothing and accessories from processed leather

Monthly Capacity of 5.000 Bags

50 Employees

Çorlu Tannery 20.000 m²



Napa sheepskin, double-face and suede processing

Weekly capacity of 57.000 sheep skins, 2.000 double-faced

Production for DESA and for exports

73 employees

Total of 1.513 employees %50,3 Female, %49,7 Male

Investment in Italy - Production Facility and R&D Center

July 2022

Investment decision

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

The first group of employees completed their orientation and training

May 2023

First production

May 2024

Customs' approval for «Made in Italy»



Italy 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



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

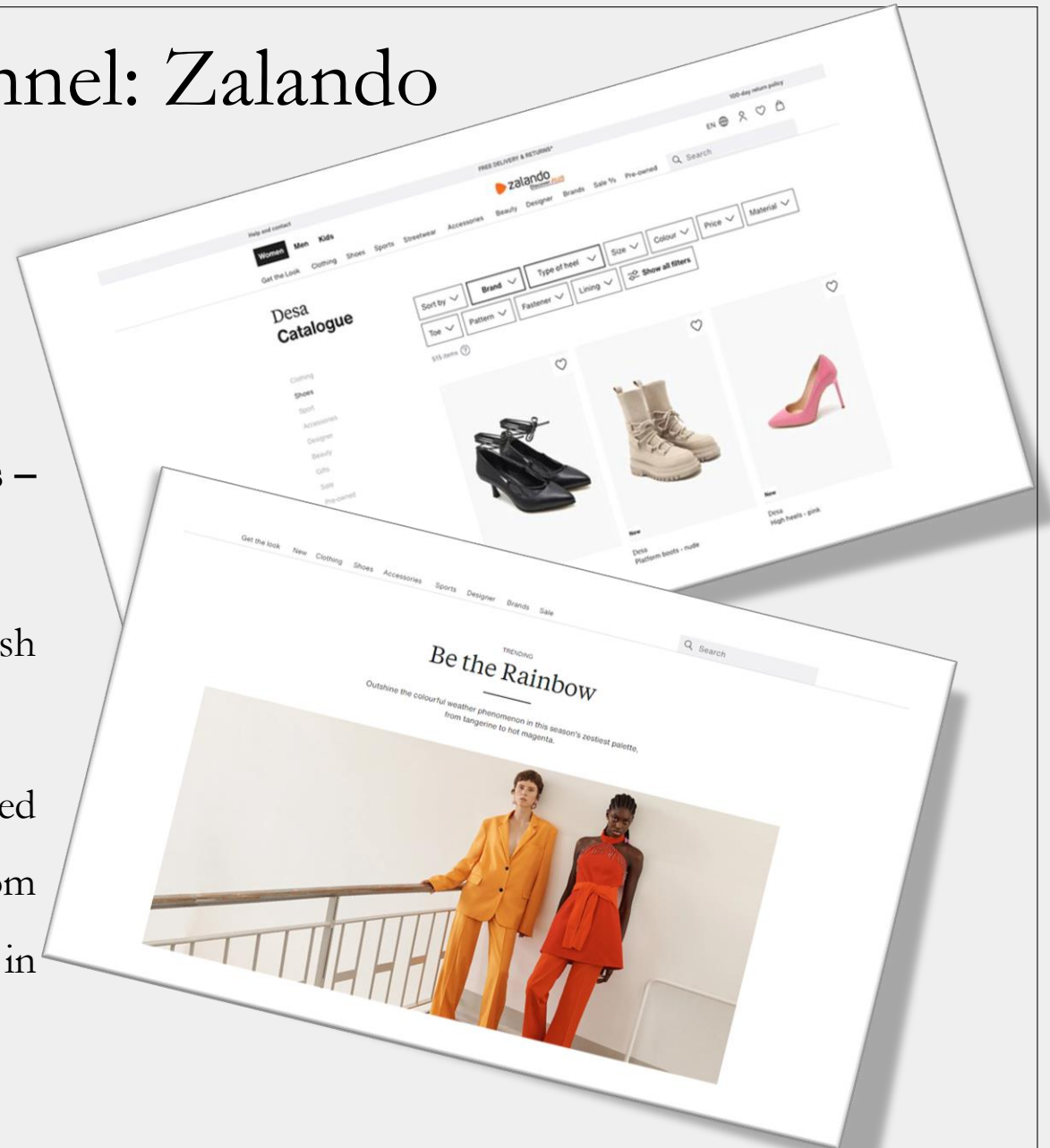


NINETEENSEVENTYTWO GLOBAL FOOTSTEPS

It is offered worldwide at 104 select points, with prices ranging from 900 to 3.000 EUR, featuring high-quality craftsmanship and minimalistic designs

Cross-border 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 13,4 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 21,3 million
- Electricity production can meet over 80% 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**



40.000+ users



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



85.000 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

One Hope One Life Project

(Bir Umut Bir Yaşam Projesi)



Every Knot is a Support for a Woman

(KEDV “Her İlmek Bir Kadına Destek”)



Continuous support to women employment with «Celentano Artisans»





Sales

Exports

EBITDA

Net Profit

Net Working Capital

Income Statement

B/S - Net Cash - Ratios

FX Position

What is TAS29?

TAS29 (Turkish Accounting Standards) is an accounting standard that regulates financial reporting in high-inflation economies.

The Purpose

The aim is to present the financial statements of businesses more accurately by removing the effects of inflation.

Indicators of High Inflation

- The cumulative inflation rate reaching or exceeding 100% over three years,
- The public turning to non-monetary assets or more stable foreign currencies,
- The pricing of loans, interest rates, wages, and market prices being tied to inflation indices.

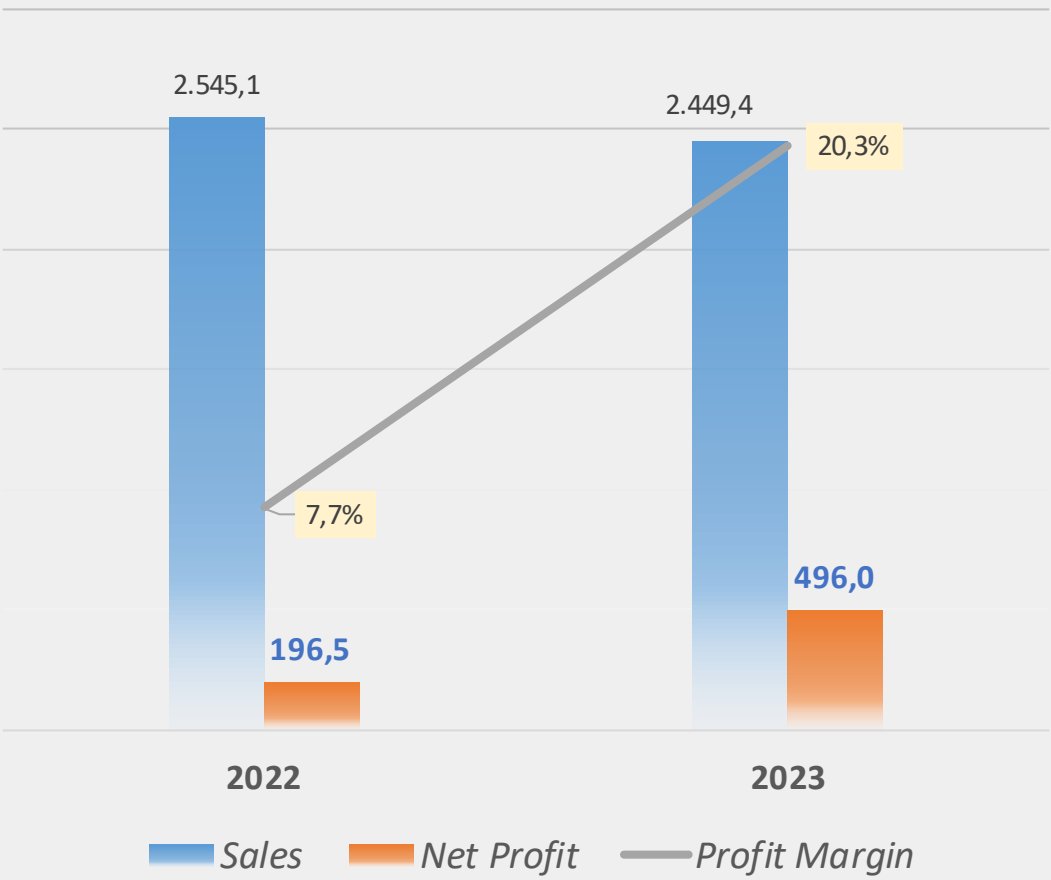
Financial Statements

- All non-monetary assets and liabilities are updated according to inflation,
- Monetary items such as cash or financial assets are not subject to indexing,
- Income and expenses are adjusted with consumer price indices.

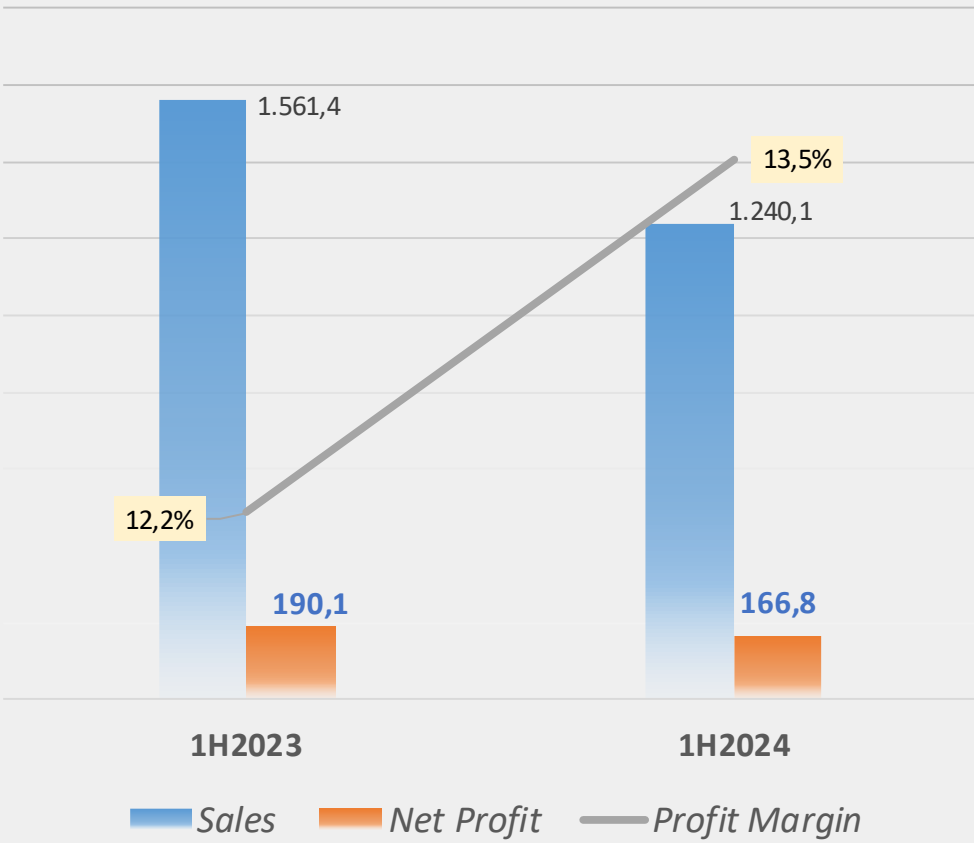
Date	Indice	Correction Coeff.	Compounded Inflation for Past 3 Years
30 June 2024	2.319,29	1,00000	324 %
31 December 2023	1.859,38	1,24735	268 %
30 June 2023	1.351,59	1,71597	190 %

Sales Under TAS29 (TRY million)

Year-end Data



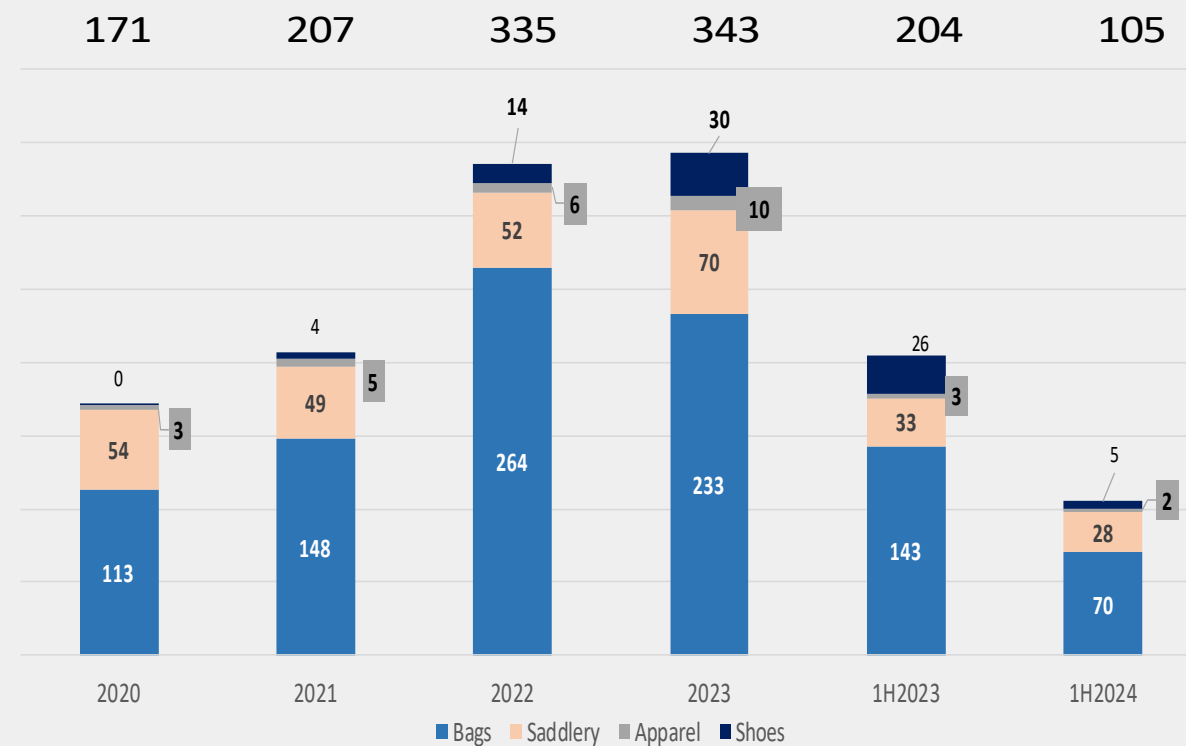
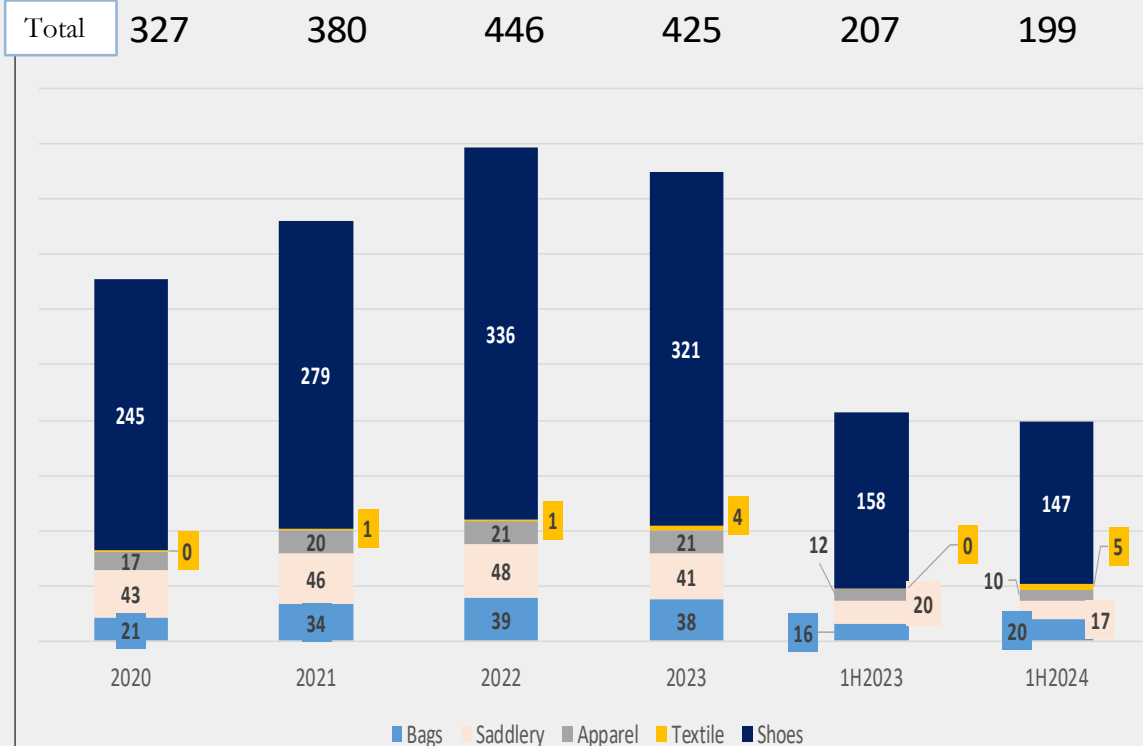
H1 Data



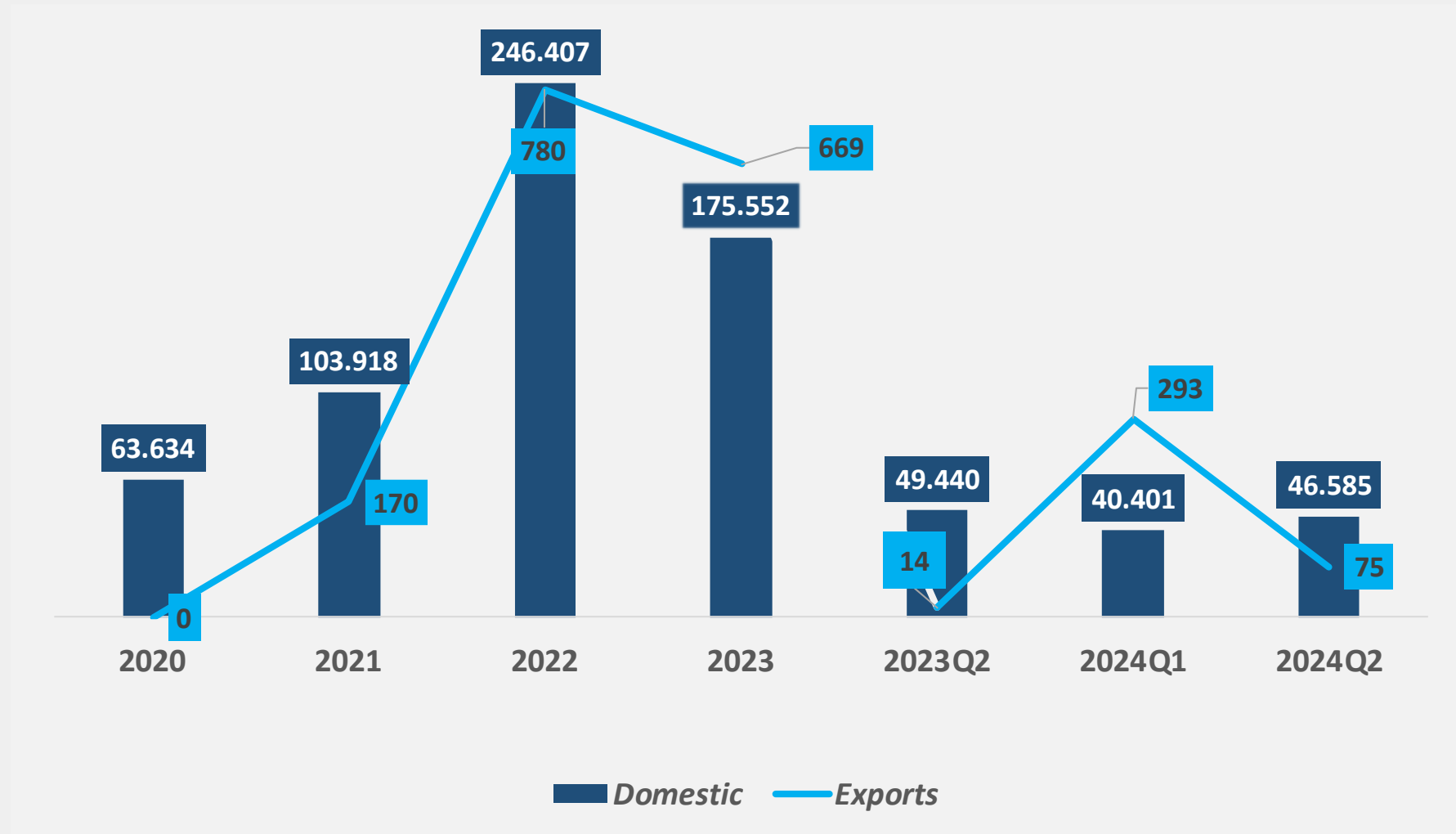
Domestic and Export Sales Volume

Domestic Retail & B2B ('000 Pieces)

Yearly Exports ('000 Pieces)



Samsonite Domestic And Export Sales Volumes*



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

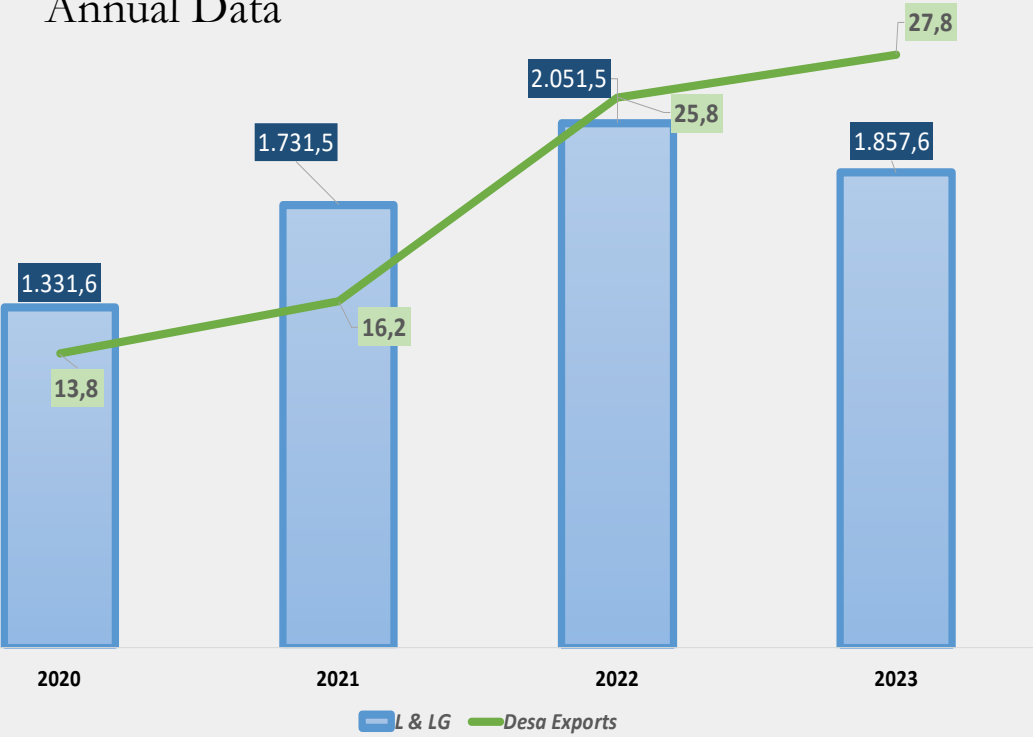
1H24 Leather and Leather Goods Exports

- In the first half of 2024, Turkey's total exports reached USD 108,8 billion, showing a 1,1% increase compared to the same period of the previous year
- Again, in 1H2024, Leather and Leather Products Exports decreased by 26,7%, falling to USD 749,6 million
- The share of the Leather and Leather Products Sector in total exports was 0,7%
- After the pandemic, as seen in both Turkey and Desa's data, there was a significant increase in Leather and Leather Products Exports from 2021 to 2022
- This is followed by a normalization process by the end of 2023
- In the 2nd quarter, the Luxury Goods Demand is highly affected by the bad working conditions of the workers in Italy, which resulted in appointments of trustees in big international companies; nevertheless the recovery is expected to start before the year-end 2024

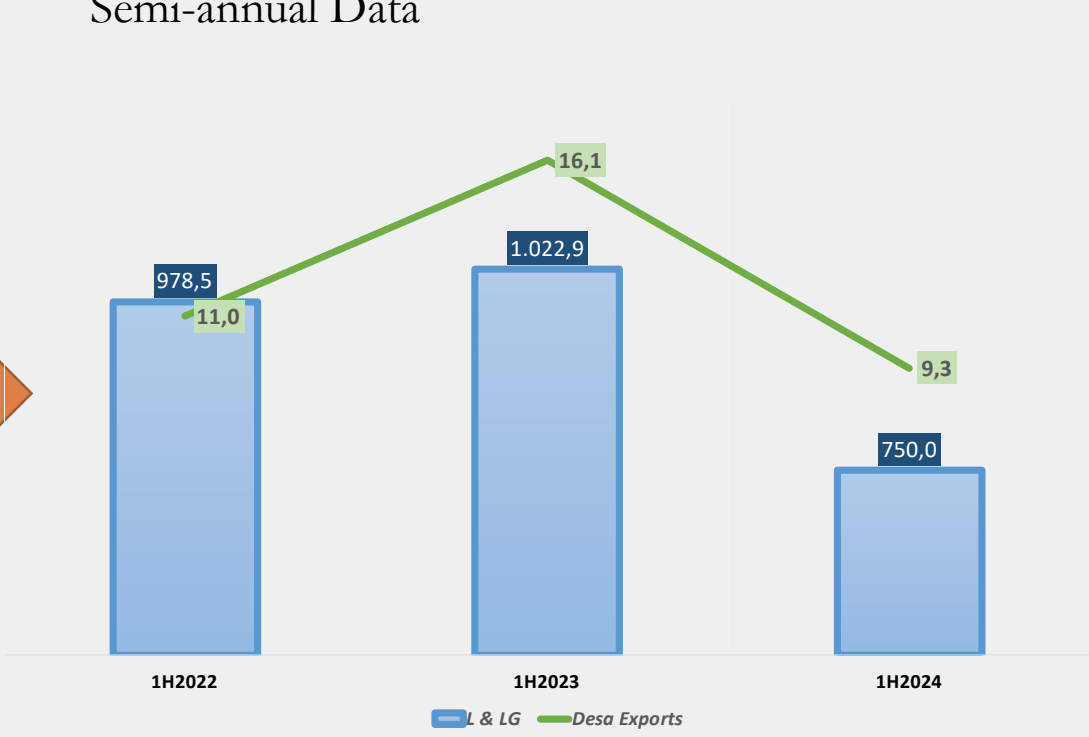
Turkey's Leather and Leather Goods Exports & DESA (USD millions)

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

Annual Data

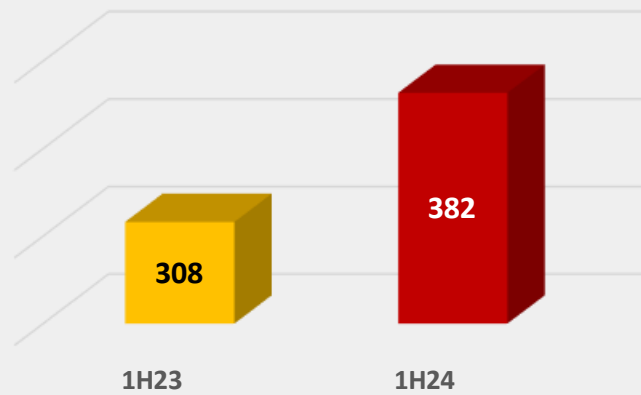


Semi-annual Data

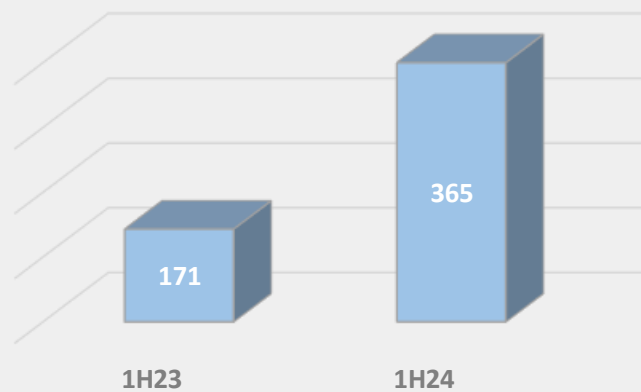


EBITDA 1H2023 & 1H2024 *(TRY million)*

Under TAS 29
(+ 23,9%)

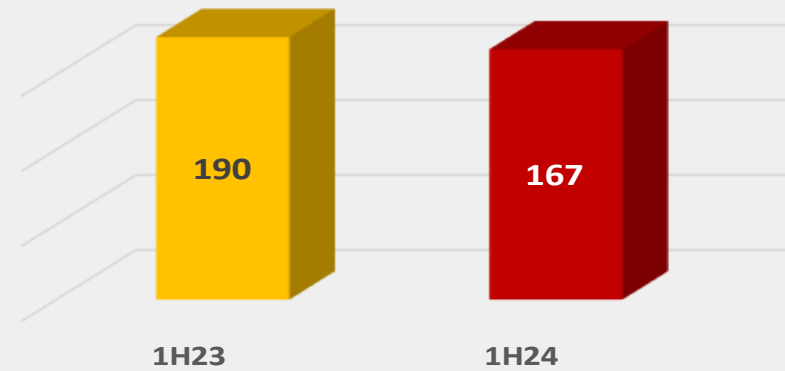


Without TAS 29
(+ 112,9 %)

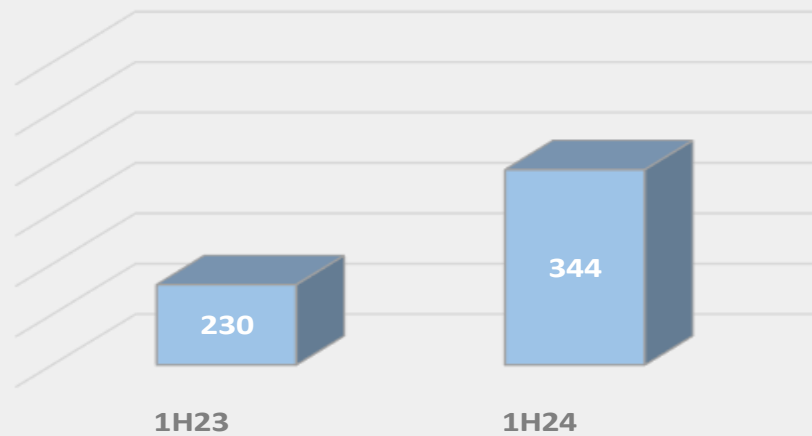


Net Profit 1H2023 & 1H2024 *(TRY million)*

Under TAS 29
(-12,3 %)

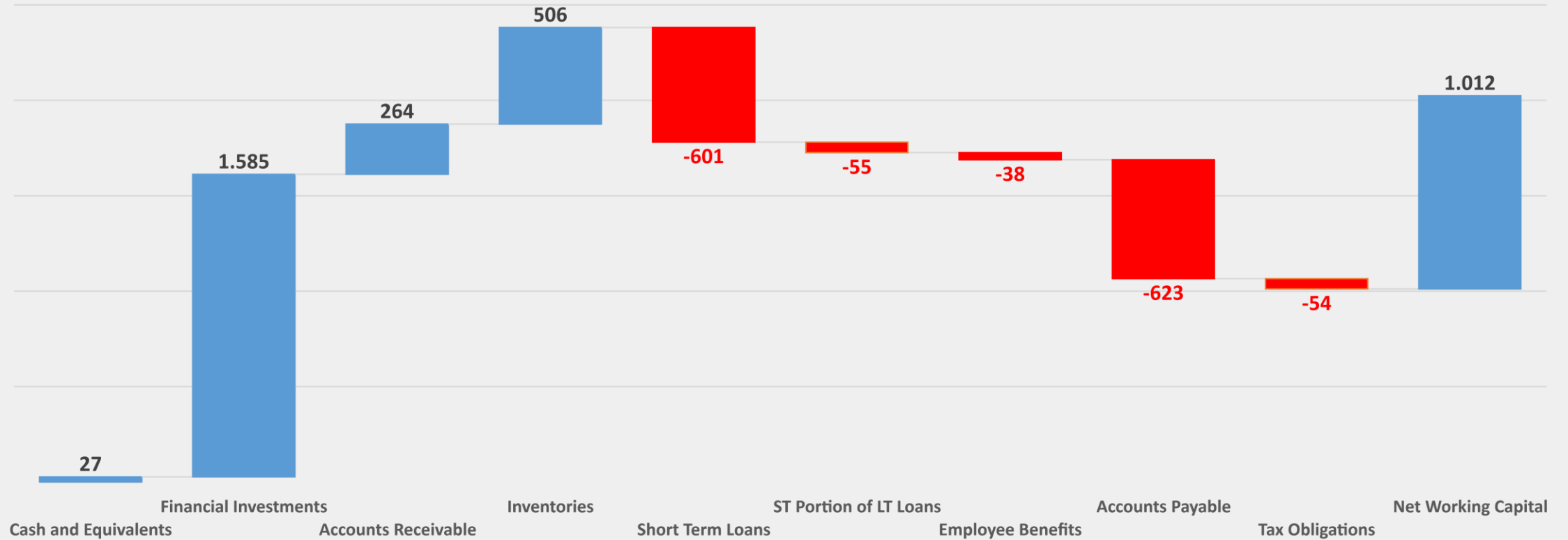


Without TAS 29
(+ 49,7%)



Net Working Capital – TAS29 *(TRY million)*

1H2024



Income Statement - TAS29

<i>TRY million</i>	01.01-31.12.2022	01.01-31.12.2023	31.03.2023	30.06.2023	31.03.2024	30.06.2024	1H24 / 1H23 Change %
Revenues	2.545,1	2.449,4	742,7	1.561,4	540,4	1.240,1	-20,6%
COGS	-1.494,8	-1.232,3	-511,6	-971,5	-215,2	-497,2	-48,8%
GROSS PROFIT / LOSS	1.050,3	1.217,1	231,1	589,9	325,2	742,9	25,9%
General & Administrative Expenses	-60,1	-98,6	-36,8	-69,5	-29,8	-65,0	-6,5%
Marketing, Sales and Distribution Costs	-478,2	-590,6	-166,9	-400,6	-233,0	-428,6	7,0%
R&D costs	-8,2	-9,1	-2,6	-5,8	-4,2	-7,4	n.m.
Other Income from Operations	190,3	264,8	64,4	208,8	85,2	144,7	-30,7%
Other Expenses from Operations	-120,2	-165,3	-35,4	-141,8	-86,8	-155,5	n.m.
	574,0	618,3	53,8	181,0	56,7	231,0	27,6%
Revenues from Investments	6,1	60,2	0,0	0,0	2,8	26,6	n.m.
Investment Expenses	-	-1,7	0,0	0,0	-8,3	-9,0	n.m.
Profit/Loss from Investments Valued by the Equity Method (Samsonite)	45,6	55,4	1,3	25,0	0,0	7,2	-71,2%
	625,7	732,2	55,1	206,0	51,1	255,7	24,2%
Financial Income	161,9	438,4	43,4	360,1	111,6	164,5	-54,3%
Financial Expenses	-161,6	-184,4	-40,8	-126,4	-36,1	-79,3	-37,3%
Inflationary Adjustment	-311,1	-353,9	-251,7	-287,3	-55,8	-100,6	n.m.
	314,9	632,3	-194,0	152,4	70,9	240,4	57,8%
Tax Income / Expenditure from Operations	-118,4	-136,3	29,2	37,8	-53,4	-73,6	n.m.
Tax Income / Expenditure for the Period	-118,3	-231,4	-19,6	-101,0	-52,5	-59,8	-40,8%
Deferred Tax Income	-0,2	95,2	48,8	138,8	-0,9	-13,8	n.m.
PROFIT/LOSS of the PERIOD FROM ONGOING OPERATIONS	196,5	496,0	-164,8	190,1	17,5	166,8	-12,3%
	196,5	496,0	-164,8	190,1	17,5	166,8	-12,3%
<i>Gross Profit Margin</i>	41,3%	49,7%	31,1%	37,8%	60,2%	59,9%	
<i>Net Income Margin</i>	7,7%	20,3%	n.m.	12,2%	3,2%	13,5%	
<i>EBITDA</i>	842,2	904,1	92,4	308,0	176,7	381,8	
<i>EBITDA Margin</i>	33,1%	36,9%	12,4%	19,7%	32,7%	30,8%	

Balance Sheet and Brief Ratios - TAS29

<i>TRY Million</i>	31.12.2023*	30.06.2024
<i>Current Assets</i>	1.684	2.565
<i>Fixed Assets</i>	2.590	1.343
Total Assets	4.274	3.908
<i>Short Term Liabilities</i>	825	1.479
<i>Long Term Liabilities</i>	0	231
<i>Equity</i>	2.590	2.197
Total Liabilities	3.415	3.908
<i>Net Cash Position</i>	520,8	1.025,7
<i>Net Cash Position in USD</i>	17,7	31,2
<i>Ratios</i>		
Current Ratio	2,0	1,7
<i>Quick Ratio</i>	1,7	1,4
Leverage	19,3%	43,8%
<i>Equity Ratio</i>	3,1	1,3
Cash Ratio	1,2	1,1

(*) Reinstated figures according to presentation index

Foreign Currency Position & Loans

As of 30.06.2024

USD 29,1 million

Long Position

EUR 18,5 million

Short Position

Bank Loans

EUR 2,8 million

EXIMBANK Loan

Term: 2026

13,7 million EUR

Bank Loan

Term: December 2024

TRY 1.026 million

Net Cash

Deposits & Financial Investments

USD 0,8 million



USD Denominated
Eurobonds 28,3 million

Thank you

www.desa.com.tr

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

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