

1H'23

DESA

Investor Presentation

August 8, 2023



- 01** Introduction
- 02** Business Overview
- 03** ESG & Sustainability
- 04** Financials



01

INTRODUCTION

At a Glance: DESA

Investment Case

Shareholding Structure

DESA at a Glance

Production Facilities

15.500 m²

Closed Area
Sefaköy Factory & HQ

20.000 m²

Closed Area
Tannery Facility

10.000 m²

Closed Area
Düzce Facility

2.000 m²

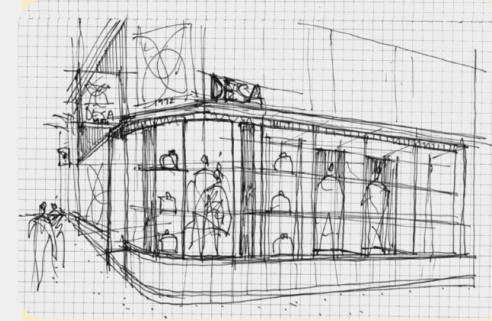
Closed Area
Tuscana Facility



1972
Establishment

%35 Free Float
2004 IPO

1.600 Employees



Stores

14.844 m²

Store Area

114

Total Stores

4	94	16
Online	DESA	JV

International Design Team

Samsonite Partnership

15 Years
%40 Desa - %60 Samsonite

Export Champion*

4 Years
in a row

(*) Based on Leather and Leather Products Exporters' Association data, in its sector.

Investment Case



Diversified business with substantial FX-denominated revenues



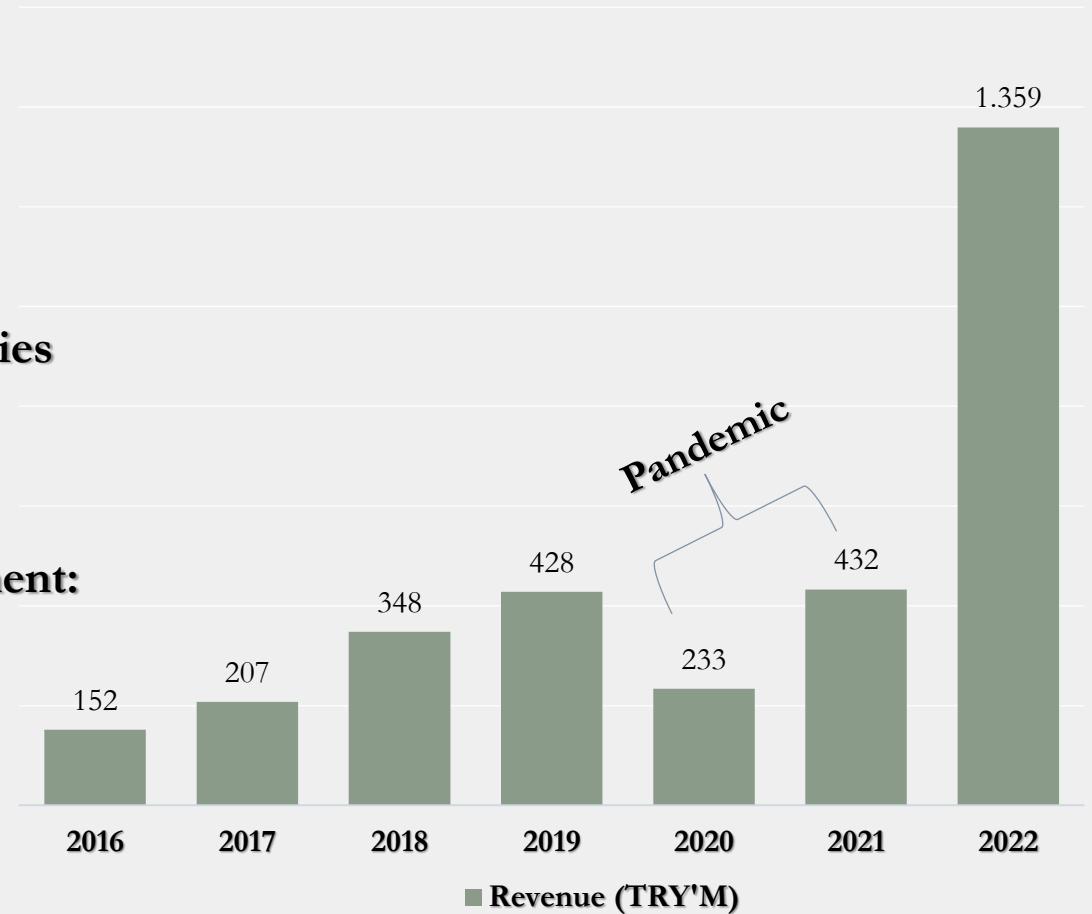
New factory in Italy opening new opportunities in luxury export



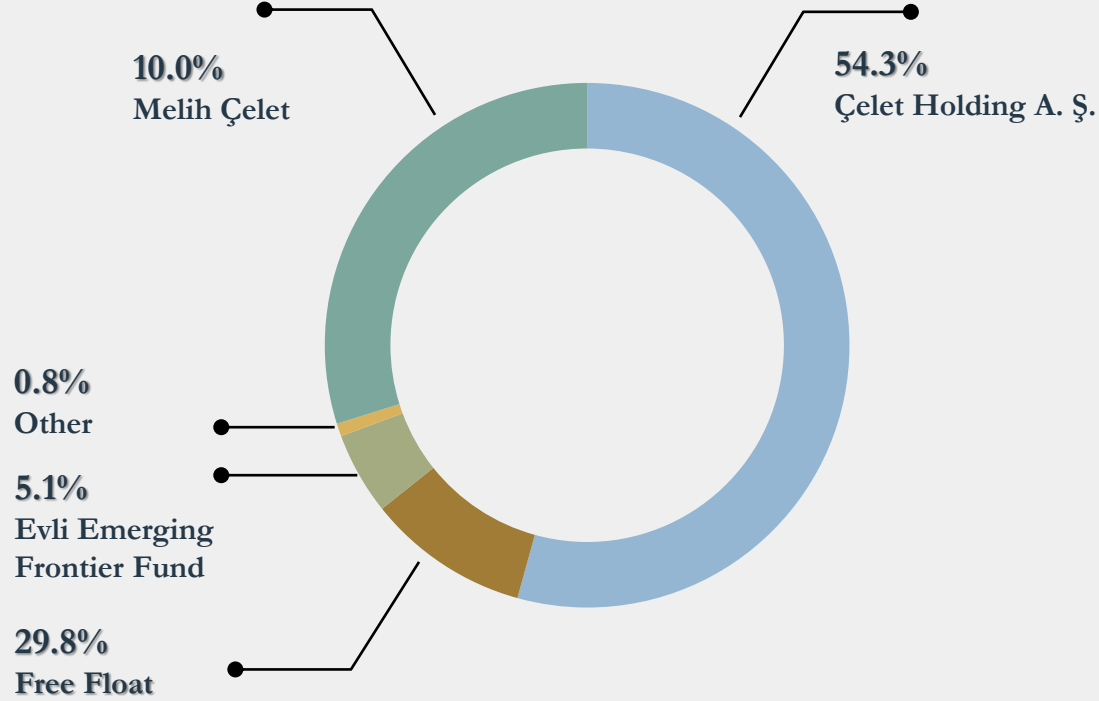
**2nd generation family ownership & management:
Alignment of interests**



High cash levels (\$26m)



Shareholders Structure & Board of Directors



TRY 245 M Paid-in Capital

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

Privileges

4 of the Board of Directors are selected from among the candidates nominated by Group (A) shares.

Group (A) shareholders have 15 voting rights at the General Assembly Meetings.

Melih Çelet

Founding Partner **1** 51-year sector experience **1** Burak Çelet's father

(*) As of March 31, 2023, within the publicly traded portion, a total of 4,129,566 shares representing 8.39% ownership belong to Çelet Holding A.Ş., 4,213,569 shares representing 8.56% ownership belong to Melih Çelet, and 523,144 shares representing 1.06% ownership belong to Adesa Mağazacılık Tekstil ve Deri Sanayi Ticaret A.Ş.

(**) As of June 30, 2023, within the publicly traded portion, a total of 2,703,473 shares representing 1.1% ownership belong to Adesa Mağazacılık Tekstil ve Deri Sanayi Ticaret A.Ş., 20,972,837 shares representing 8.56% ownership belong to Melih Çelet, and 20,554,717 shares representing 8.39% ownership belong to Çelet Holding A.Ş.

On June 22, 2023, the ownership distribution of the company is as follows: 62.67% to Çelet Holding, 10.00% to Melih Çelet, 5.08% to EVLI Emerging Frontier Fund, and 0.8% to other shareholders.

Shareholder Structure

	30.06.2023		31.03.2023	
Name	Stock Ratio	Stock Amount	Stock Ratio	Stock Amount
Melih Çelet	10,00%	24.500.000	10,00%	4.922.197
Çelet Holding A. Ş.	54,28%	132.985.983	54,28%	26.717.682
Free Float (*)	34,92%	85.553.998	34,92%	17.188.312
Other	0,80%	1.960.019	0,80%	393.779
Total	100%	245.000.000**	100%	49.221.970*

(*) As of March 31, 2023, within the publicly traded portion, a total of 4,129,566 shares representing 8.39% ownership belong to Çelet Holding A.Ş., 4,213,569 shares representing 8.56% ownership belong to Melih Çelet, and 523,144 shares representing 1.06% ownership belong to Adesa Mağazacılık Tekstil ve Deri Sanayi Ticaret A.Ş.

(**) As of June 30, 2023, within the publicly traded portion, a total of 2,703,473 shares representing 1.1% ownership belong to Adesa Mağazacılık Tekstil ve Deri Sanayi Ticaret A.Ş., 20,972,837 shares representing 8.56% ownership belong to Melih Çelet, and 20,554,717 shares representing 8.39% ownership belong to Çelet Holding A.Ş.

On June 22, 2023, the ownership distribution of the company is as follows: 62.67% to Çelet Holding, 10.00% to Melih Çelet, 5.08% to EVLI Emerging Frontier Fund, and 0.8% to other shareholders.

- ✓ The utilization procedures for the free capital increase rights at a rate of **397.75%**, to be entirely covered from internal sources, were completed on **June 22, 2023**.
- ✓ The registration took place on **July 12, 2023**, and the announcement was published in the Turkey Trade Registry Gazette under reference number 10869.



Bonus Share Capital Increase

398%



02

BUSINESS OVERVIEW

Vertical Integrated Business Model

Production Facilities

Investment in Italy

Capacity and Machinery

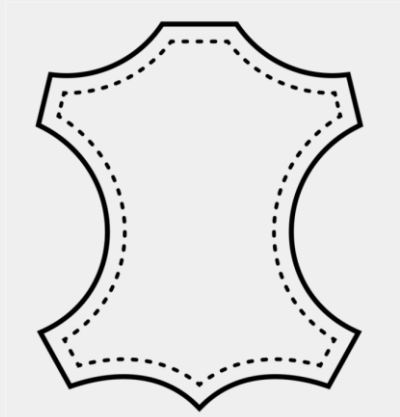
Turquality Program

Zalando

Sustainability

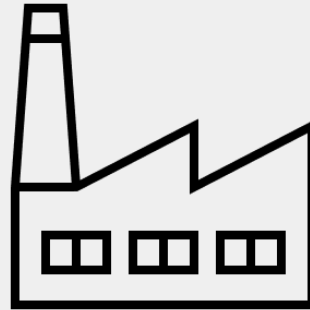
Vertical Integrated Business Model

Turkey's sole
retail company having a
production facility in Italy



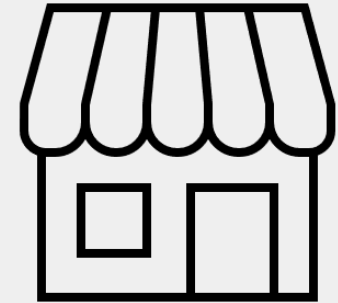
Raw Material Production

Leather Production at the
Çorlu Tannery



Final Product Manufacturing

Leather Apparel and Bag
Production at Istanbul, Düzce,
and Italy Factories



Retail Sales

A total of 114 stores spread across
14,844 square meters owned by
the Group.

Production Facilities

Headquarters & Sefaköy Factory 15.500 m²



Design Studio, Prototype Facility, Showrooms, Leather Goods, and Apparel Production

Capacity: 2,000 leather apparel items, 6,000 leather bags & accessories, and 1,000 textile items per week.

464 Employees

470 Store Employees

Total Workforce: 1600 Personnel

Düzce Factory 10.000 m²



Production of clothing and accessories from processed leather

Capacity: 14K bags per week

570 Employees

Tuscany Factory 2.000 m²



Production of clothing and accessories from processed leather

Capacity: 5K bags per month

100 Employees (Planned)

34 Employees (June 2023)

Çorlu Leather Factory & Tanning Facilities 20.000 m²



Napa Sheepskin, Double-Face, and Suede Processing

Capacity: 54K Sheep Per Week, 2K Double Face

Production + Export for **DESA**

72 Employees

Investment in Italy – Production Facility – R&D Center

July 2022

The investment decision has been made.

August 2022

Desa Internazionale SRL was established in Milan and joined the DESA family with Mr. Norcini serving as the Factory Manager.

September 2022

From Prato to Arezzo, the entire Tuscany region was surveyed, and the facility in Poppi was leased.

October 2022

Construction projects, facility layouts, capacity projections, selection of architects, engineers, contractors, and obtaining construction permits have been completed.

November 2022

Construction started.

December 2022

The decision to purchase the property was made, and an agreement was reached with the property owner. It was completed in February 2023.

January 2023

The machines arrived and were installed.

March 2023

Recruitment has begun.

April 2023

The first-phase training and orientation of the newly started employees have been completed.

May 2023

Production started.



Italy Production Facility and R&D Center



Italy – Capacity and Machinery List

Desa Internazionale facility encompasses the entire production process, from pattern making and prototyping to fully finished bags and small leather goods.

Some Machines Installed in Italy Facility:

- Comelz computerized cutter
- Juki AMS computerized sewing machines
- Laser assisted cutting and processing machines
- Industrial reinforcement bonding machine
- Automatic spray sealing machine
- Industry 4.0 compatible new generation sewing machines
- Industry 4.0 compatible splitting machine



Turququality Program



A member of the
program since
2006

50%

Half of our expenses made
abroad
are paid by the
Turkish Government

DESA

1972

NINETEENSEVENTYTWO

DESA

**Build
Goodwill**

Rather than Acquire Goodwill

TRENDING
Be the Rainbow

Outshine the colourful weather phenomenon in this season's ziestest palette, from tangerine to hot magenta.



DESA products are offered for sale on Europe's leading fashion e-commerce site

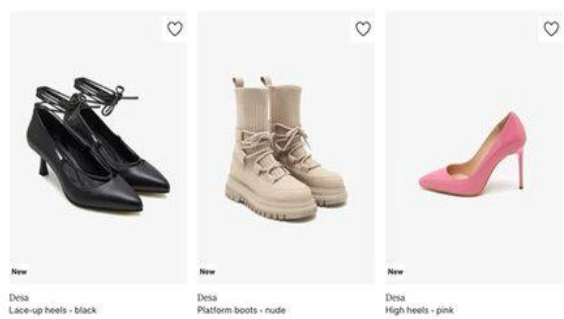


Desa Catalogue

- Clothing
- Shoes
- Sport
- Accessories
- Designer
- Beauty
- Gifts
- Sale
- Pre-owned

Sort by | Brand | Type of heel | Size | Colour | Price | Material |
 Toe | Pattern | Fastener | Lining | Show all filters

515 items



Desa Lace-up heels - black

Desa Platform boots - nude

Desa High heels - pink

Zalando: New Sales Channel

◦ Europe's Leading Fashion E-Commerce Site

- The contract was signed in August 2022.
- Sales started in January 2023.
- Online sales in five countries: Germany – Belgium – Netherland – Austria – France.

◦ **Cost Advantage:** Thanks to the newly introduced e-export incentive package

◦ **Purpose:** Many DESA branded products, from shoes to apparel, from bags to small leather products, reach a wide consumer group in Europe



03

ESG & SUSTAINABILITY

Düzce

Solar Power Plant

Çorlu

Solar Power Plant

Certificates



Solar Power Plant - Düzce

- 7.000 m² Düzce Factory was built on the roof area
- 800 kWh power
- Commissioned in August 2022
- TRY 12 M investment cost
- Expected return on investment with current energy costs in 4-5 years
- Total electrical energy production in the first monthly test production of 106,207 KWh
- Factory consumption of 55,093 KWh
- Production above 93% factory consumption*
- **Goal:** Using Accessible and Clean Energy

* In the upcoming periods, the surplus energy generated will be offset against the electricity consumption of our Çorlu and Sefaköy factories.



Solar Power Plant - Çorlu

- At the Board of Directors meeting dated **November 9, 2022**, it was decided to install a SPP in Tekirdağ/Çorlu Factory.
- **3.300 m²** Çorlu Factory will be built on the roof area
- **641 kW** power
- **TRY 8.6 M** approximate investment cost
- Production **above 90%** factory consumption

Certifications

"Gold Rated" by Leather Working Group

- Became accredited in **2021**
- Acquired **"Gold Rate"**, which is only awarded to **31 companies** worldwide at the moment
 - 17 agenda items such as water and energy usage, waste management, use of approved chemicals, etc.
- **Leather Working Group**
 - Responsible for the world's leading environmental certification in the leather manufacturing industry
 - 52 countries
 - 1,300 members
 - Non-profit organization



Desa Deri San. Ve Tic. A.S
Corlu Deri Ihtisas ve Karma Organize Sanayi Bolgesi
Marmaracik OSB Mah. Kuzey 2. Sok. No:5/1
Ergene, Tekirdag
TURKEY

Unique Reference Number: DES102

This tannery, which is classified as Category C - Raw Hide/Skin to Finished Leather, has been audited against the Leather Working Group Environmental Auditing Protocol Issue 6.7.0

Traceability Rating
Physically marked and traceable: 0%
Traceable only through documentation: 97.07%

Audited by: Viswanathan Murusamy

Date of audit: 30 - 31 July 2021

Expiry Date: 30 July 2023

Initial Audit: 30 - 31 July 2021



Nati Consulting Services
14/3, 'Sri Ramajayam', 1 Street, Nehru Nagar, Adyar, Chennai - 600 020, India
Tel: +91-94444 70023, Email: mviswanathan@outlook.com

DESA

Higg-certified in all facilities

Higg Index



Certifications

HIGG Index



Established in 2010



+250 members



(SAC) Developed by
the Sustainable
Garment Coalition



The standard that evaluates
environmental and social
sustainability throughout
the supply chain in the
garment and shoes industry



Higg FEM

(Facility Environment Module)

Measurement of environmental
impacts in facilities



Higg FSLM

(Facility Social Module)

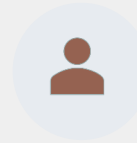
A tool that protects employee
rights and promotes improved
working conditions

DESA

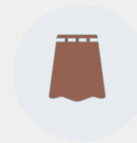
**Sedex-certified
in all facilities**



Founded in **2004**



60,000 members in **180** countries



Member since **2005**



All DESA facilities are **subject to annual 3rd party external audit.**

Certifications



Financial Highlights

1Q23 Results Overview

Sales

EBITDA Development

Net Operational Working Capital

Capital Expenditures

Income Statement

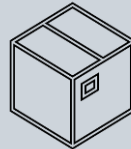
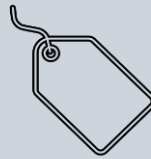
Balance Sheet

Share Information & Performance

2Q'23 Results Overview *

1.46x

FX-based Export
Revenue Growth



1.30x

Increase in Average
Bag Sales Price



2.07x

Increase in Average
Shoe Sales Price



1.59x

Revenue
Increase



1.76x

EBITDA
Increase



4.08x

Net Income
Increase



TRY 586M

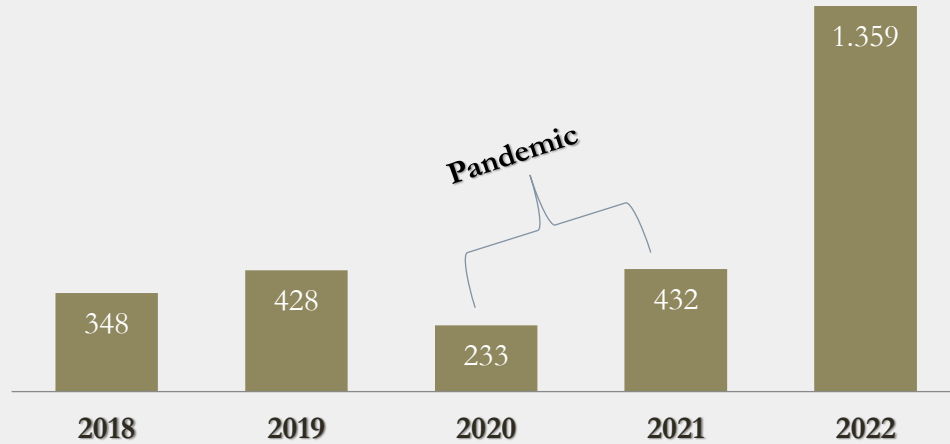
Net Cash
Position



(*) All data are compared with the data of the 2Q'22.

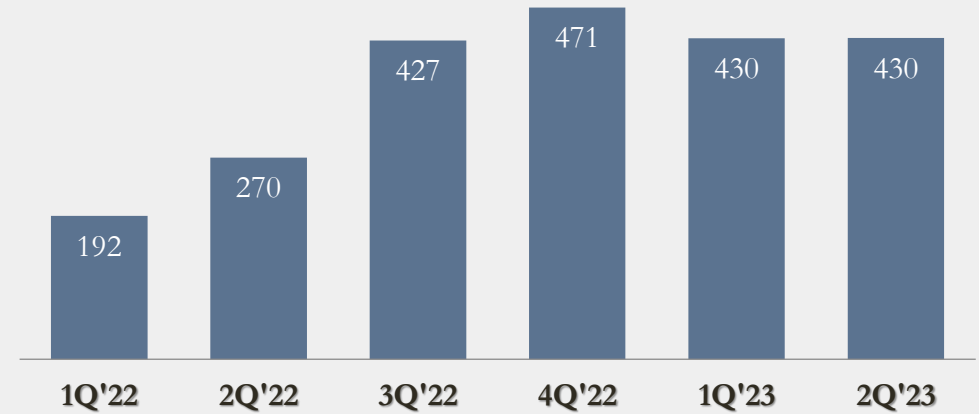
Sales Growth

Annual (TRY'M)



41% CAGR
'18 - '22

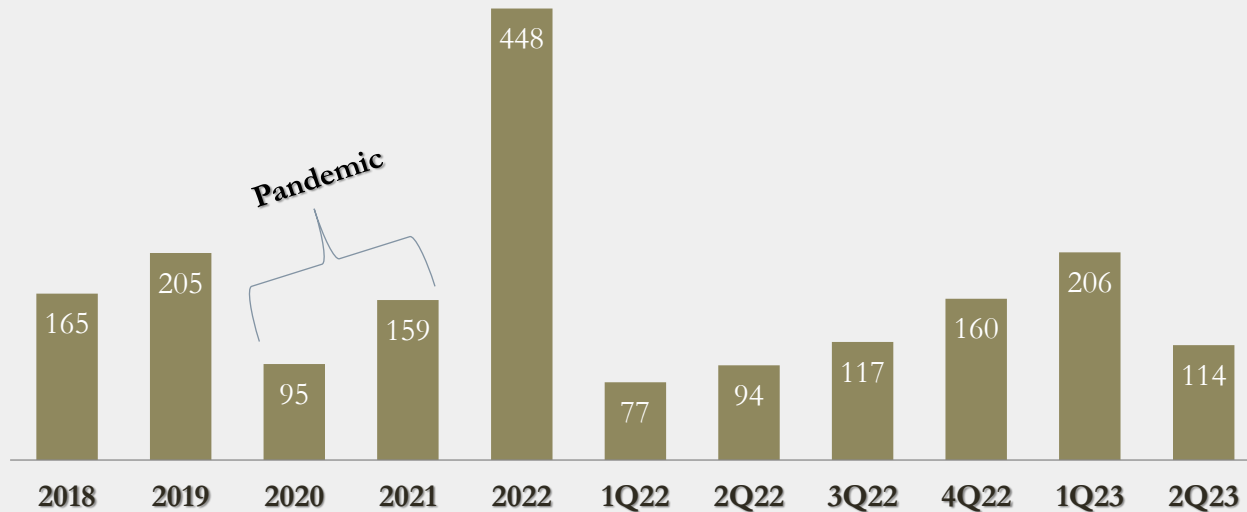
Quarterly (TRY'M)



59% YoY
2Q'23/2Q'22

Export Performance

Exports (TRY'M)



28% CAGR
'18 - '22

DESA

**Value
Added
Export**

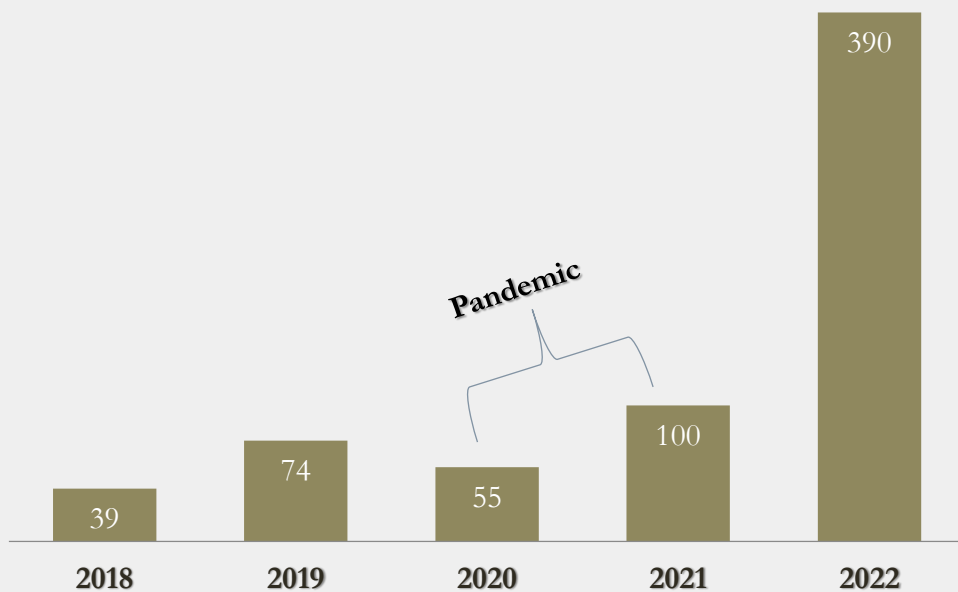
Export Value Per Kg

DESA: 116 USD

EBITDA Development

Annual (TRY'M)

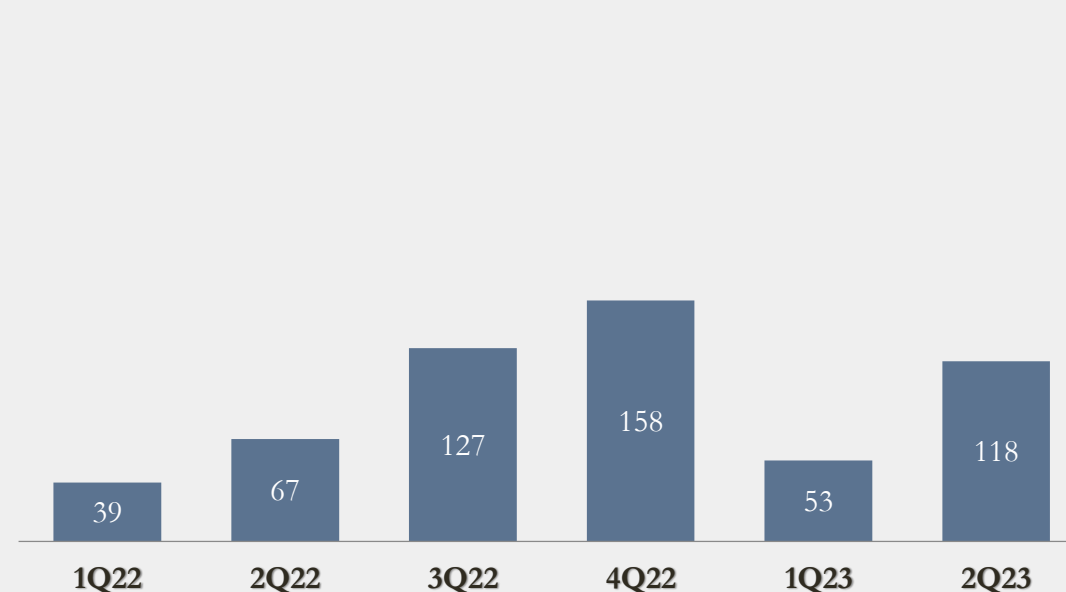
Margin 11.2% 17.3% 23.4% 23.2% 28.7%



78% CAGR
'18-'22

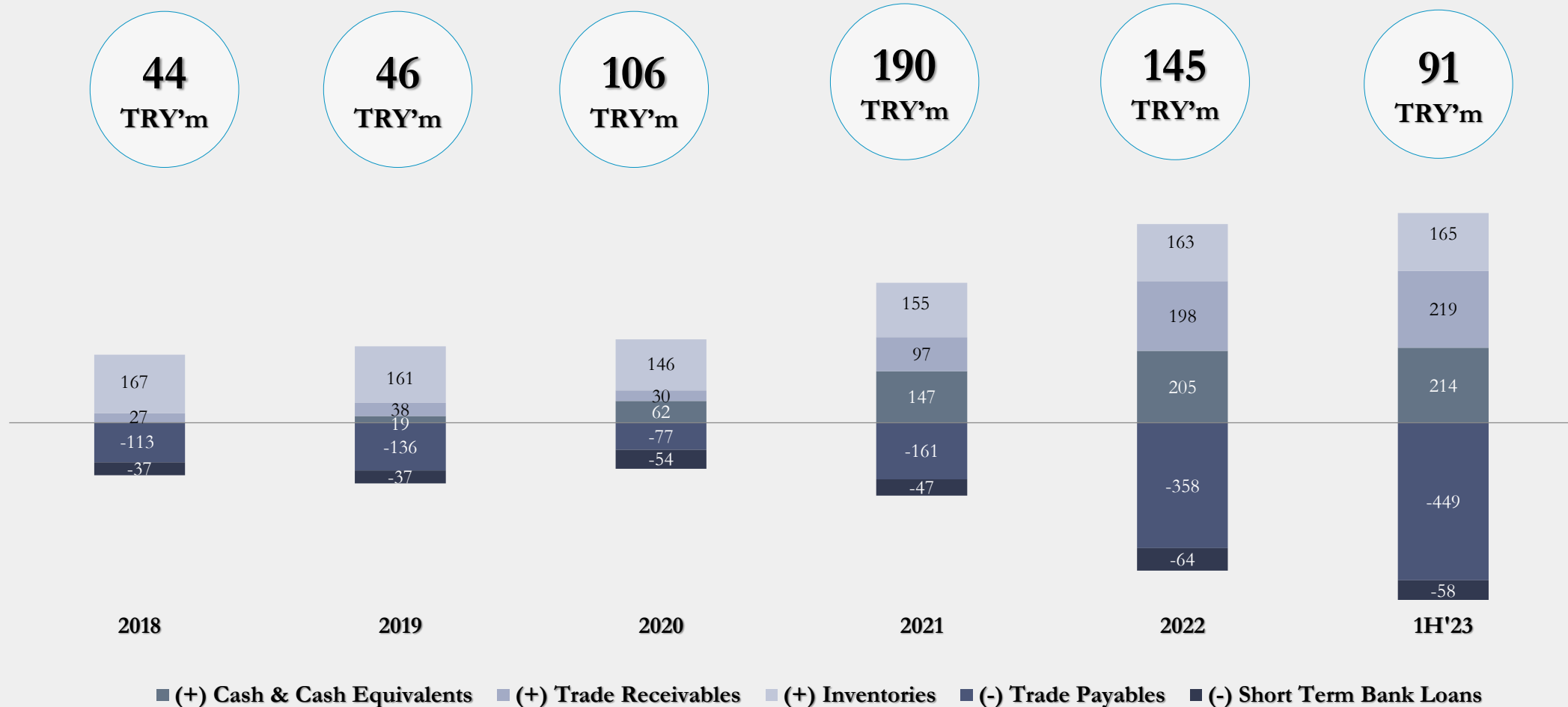
Quarterly (TRY'M)

20,1% 24,9% 29,7% 33,6% 12,4% 27,5%



76%
2Q'23/2Q'22

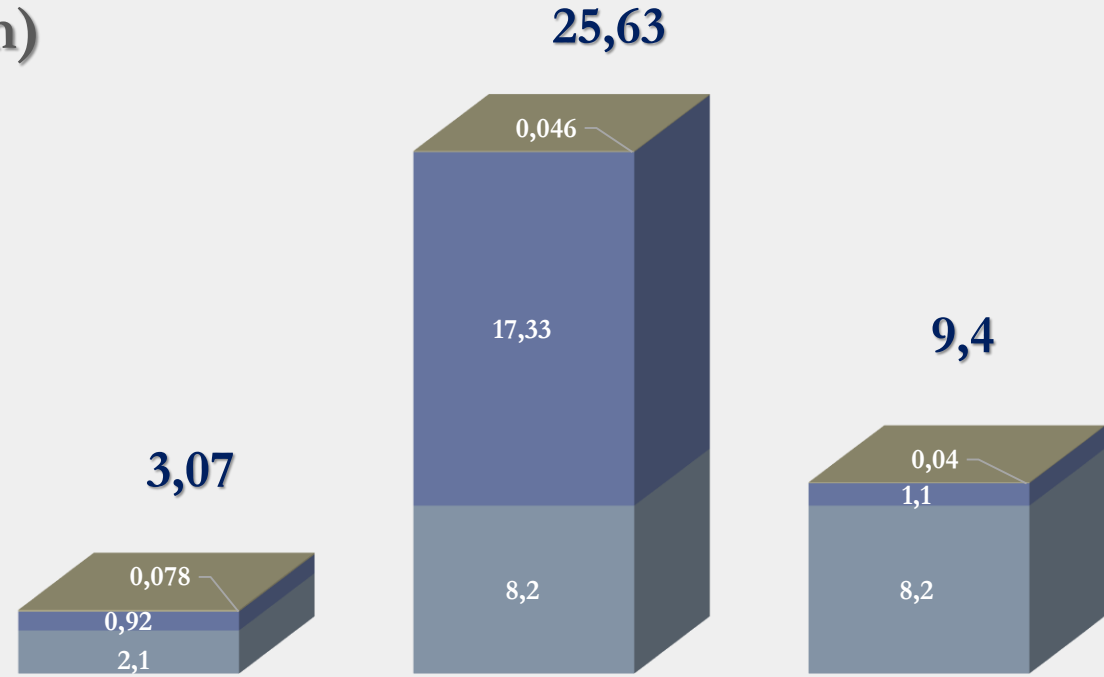
Net Operational Working Capital



Capital Expenditures

■ Retail ■ Production ■ Other

Annual (TRY'm)



2021

2022

1H'2023

%0,7

%1,9

%1,1

○ Capex / Revenue

Summary Income Statement

Summary Income Statement (TRY'm)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	2Q23 / 1Q23	2Q23 / 2Q22	1H22	1H23	1H23 / 1H22
REVENUES	192	270	427	471	430	430	0%	59%	462	859	86%
GROSS PROFIT	70	105	182	209	134	197	47%	89%	174	331	90%
Sales and Marketing Expenses	-41	-53	-78	-81	-97	-109	13%	106%	-94	-206	119%
General Administrative Expenses	-6	-7	-9	-10	-21	-14	-34%	90%	-13	-35	167%
R&D Expenses	-1	-1	-1	-1	-2	-2	11%	99%	-2	-3	87%
Other Incomes from Operating Activities	25	25	24	23	37	79	112%	215%	50	116	132%
Other Expenses from Operating Activities	-21	-15	-14	-9	-20	-59	187%	282%	-37	-79	117%
OPERATING PROFIT (LOSS)	26	53	103	132	31	92	197%	74%	79	123	56%
Net Operating Profit (exc. oth. op. inc./exp.)	22	43	94	117	14	72	403%	66%	65	86	32%
EBITDA (with oth. op. inc./exp.)	39	67	127	158	53	118	121%	76%	106	171	62%
EBITDA (w/o oth. op. inc./exp.)	35	57	117	143	37	98	167%	71%	92	135	46%
Profit / (Loss) Share on Investments Valued by Equity Method	4	7	12	10	12	14	15%	100%	11	27	135%
Net Financing Income/ Expense	-5	-4	8	3	2	131	8251%	n.m.	-9	133	n.m.
NET PROFIT	21	47	100	119	38	192	412%	308%	68	230	236%
Gross Profit Margin	36,3%	38,8%	42,6%	44,5%	31,1%	45,9%	14,8 pp	7,1 pp	37,8%	38,5%	0,8 pp
EBITDA Margin (with oth. op. inc./exp.)	20,1%	24,9%	29,7%	33,6%	12,4%	27,5%	15,1 pp	2,6 pp	22,9%	20,0%	-2,9 pp
EBITDA Margin (w/o oth. op. inc./exp.)	18,0%	21,3%	27,4%	30,5%	8,5%	22,8%	14,3 pp	1,5 pp	19,9%	15,7%	-4,3 pp
Net Profit Margin	11,1%	17,4%	23,6%	25,2%	8,7%	44,7%	36 pp	27,3 pp	14,8%	26,7%	11,9 pp

Summary Balance Sheet

Summary Balance Sheet (TRY'm)	31.12.2022	31.03.2023	30.06.2023
Current Assets	886	930	1.139
Fixed Assets	397	451	487
Total Assets	1.283	1.381	1.626
Short Term Liabilities	561	619	651
Long Term Liabilities	148	154	173
Shareholders Equity	574	608	802
Total Liabilities and Shareholders Equity	1.283	1.381	1.626
Net Cash Position	336	384	586

Net Cash Position

(TRY)	2020	2021	2022	1Q 2023	1H 2023
Cash and Cash Equivalents	61.657.966	147.111.619	205.354.810	138.171.473	214.460.837
Financial Investments	0	0	265.882.311	368.819.906	507.671.495
Short-Term Bank Loans	33.390.433	3.787.394	5.802.017	5.792.324	2.282.501
Short-Term Portions of Long-Term Borrowings	20.731.167	42.853.115	57.913.139	51.773.275	55.803.716
Long-Term Bank Loans	75.368.559	117.197.828	71.113.602	65.065.157	78.464.168
NET CASH	-67.832.193	-16.726.718	336.408.363	384.360.623	585.581.947

Foreign Currency Position & Loans

2Q'23 Bank Loans

EUR 0.4M EXIM Bank Loan Maturity: 8/2023
 EUR 4.3M EXIM Bank Loan Maturity: 2025 – 2026

As of the 2nd Quarter of 2023

USD 3.3M Long Position
 EUR 2.4M Long Position

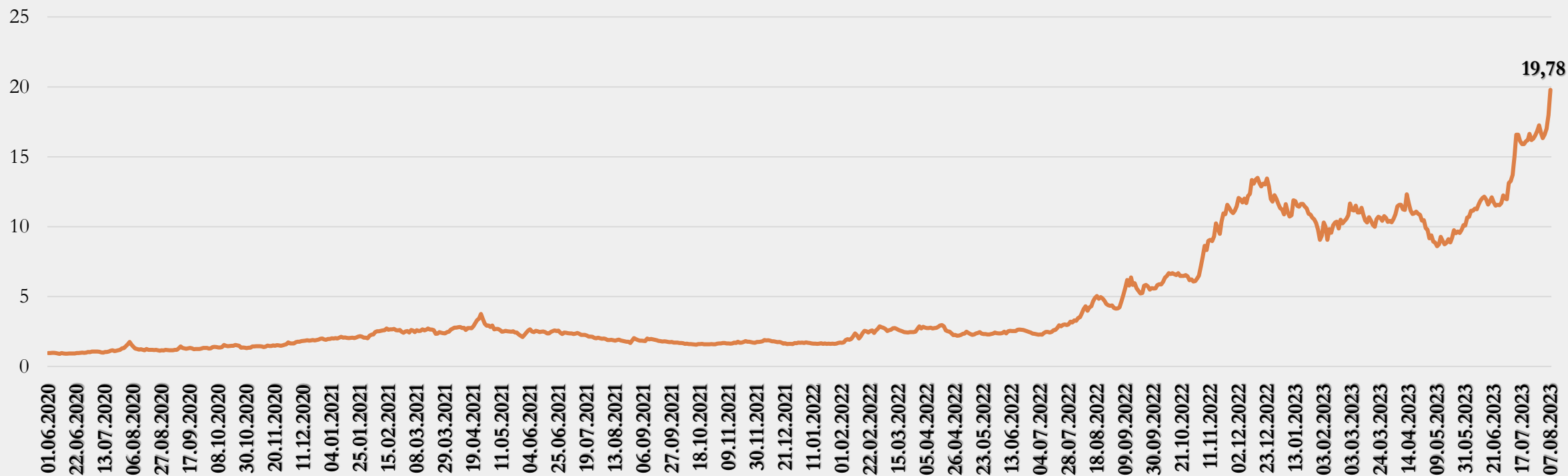
Deposit
 USD~3.4M
 EUR ~1.9M

+

Eurobond
 EUR 7.8M
 USD 10.4M
 GBP 0.8M

TRY 586 M
Net Cash

Share Information and Performance



Share Information:

BIST Code: DESA

Reuters Code: DESA.IS

Bloomberg Code: DESA.TI

Initial Public Offering (IPO)

Date: May 6, 2004

Public Float Rate: 21.45%

Market Capitalization: 4.8 billion TL

Average Daily Trading Volume: 4.3 million shares

Institutional Investor Rate: 20%

P/E Ratio: 10.80x

EV/EBITDA: 9.34x

MV/BV Ratio: 5.62x

All stock price-related data is as of August 7, 2023.

P/E Ratio = (Price/Earnings)
 EV/EBITDA = (Enterprise Value/EBITDA)
 MV/BV Ratio = (Market Value/Book Value)

DESA

Investor Relations Manager

Dr. A. Berrak Kötten

E-mail: berrak.kotten@desa.com.tr

yatirimci.iliskileri@desa.com.tr

investor.relations@desa.com.tr

Telephone: +90 212 473 1800

Web Site: www.desa.com.tr

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

www.1972desa.com

www.desainternazionale.it

**THANK
YOU...**



Linkedin: [DESA Deri](#)



Twitter: [@desafashion](#)



Instagram: [@desafashion](#)



Threads: [@desafashion](#)



Facebook: [Desa Fashion](#)