

DESA

PRESS RELEASE

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DESA Sustains Impressive Growth in the First Nine Months of 2023

DESA maintained its outstanding growth performance throughout the first nine months of 2023. The company's financial results for this period exhibited a significant increase when compared to the same period of 2022. DESA, which is committed to the principles of sustainability and prioritizing environmental responsibility in its production, released its financial statements for the first nine months. Burak Çelet, DESA's CEO, provided in-depth insights into the company's robust financial performance, growth strategy, new store openings, international presence and sustainability endeavours.

A 144% YoY surge in Net Profit to TL 412 million for the first 9-months of 2023

The company's net profit for the first nine months of 2023 recorded a remarkable surge of 144% when compared to the same period in 2022 to reach 412 million Turkish Lira (TL). This net profit figure, representing a net profit margin of 29.6%, underscores the company's effective business strategies and operational excellence. DESA Leather's balance sheet size at the end of the first nine months of 2023 had expanded by 44.4% compared to the end of 2022 to reach TL 1.9 billion. The company's equity also exhibited a substantial 71.1% increase to TL 982 million during the same period, affirming DESA's solid financial foundations.

Nine-Month figures showcase DESA's Successful Growth in Both Domestic and International Markets

DESA achieved remarkable growth in net sales during the first nine months of 2023, recording net sales of TL 1.4 billion, a 57% increase compared to the same period last year. A total of 63% of the sales were domestic sales with the remaining 37% consisting of export sales. DESA's domestic sales increased by 46 percent during the same period, international sales experienced a substantial growth of 79 percent. Meanwhile, the company recorded TL416mn EBITDA in the first nine months of 2023, up 79% YoY. The EBITDA growth exceeded sales growth, and the company attained an EBITDA margin of 29,8 % in the first nine months of 2023, up 3.7pp YoY.

A Strong Net Cash Position of TL 666 million

DESA's net cash position stood at TL 666 million at the end of the third quarter, demonstrating the company's solid financial foundation. The company's strong financial position signals its readiness to support future growth and opportunities. Commenting on the results, Burak Çelet, the CEO of DESA, said, "At DESA, we view our commitment to our customers as one of the key factors behind our financial success. We are determined to press ahead with our investments and efforts to achieve further growth and success. Our company's impressive financial results are a result of our dedication to corporate values such as our focus on customers, quality and innovation. We remain committed to providing our customers in Turkey and around the world with the best products and services. With our financial success and strategic growth goals, we look ahead to 2023 with optimism. Our sustainable growth and the value we generate for our customers serve as a guiding light for our future projections."

Known for its high-quality leather products and distinctive designs, DESA serves a wide customer base in both national and international markets. The company is recognized for its commitment to customer satisfaction, sustainability, and corporate responsibility.

Meeting Customer Needs with an Expansive Product Range

"Our operations in Turkey encompass a wide range of product manufacturing and distribution activities, from leather production to clothing, bags, and accessories. We also continue to expand in the retail sector, managing a total of 114 stores. We added five new stores to our chain in 2023 with four more store openings planned by the end of the year. DESA seeks to dynamically broaden its retail operations in emerging regions and new areas."

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Continuing to Establish a Presence on the International Stage through Its Growth Strategy

With its expertise and experience in luxury leather apparel, bags, and accessories in Turkey and on the global stage, DESA is acknowledged as a significant contender in the international fashion arena. DESA's outstanding financial performance in the third quarter of 2023 has garnered attention and the company is expanding its showroom activities in fashion hubs such as Italy and France, advancing towards global branding.

"In the third quarter of 2023, DESA took substantial steps in alignment with our growth strategies. Our expansion through showroom activities in significant fashion centers like Italy, France, Germany and the UK underscores our attainment of branding objectives. Our NINETEENSEVENTYTWO DESA collection is now available in 141 select locations worldwide, setting the pulse of global fashion."

International Success: An Emerging Brand: DESA & 1972 DESA

DESA's CEO, Burak Çelet, added, "Events at Milano and Paris Fashion Week have elevated DESA on the international stage. In 2023, we successfully presented the sale of our Spring Summer 2024 collections at the Milano RG Showroom. Additionally, we showcased our new collections in Paris and Milan. We are steadily progressing towards our goal of becoming an international brand."

DESA's Ascent in the Fashion World: New Achievements in Milan and Paris

"We Set the Pulse of Global Fashion"

DESA achieved significant success in the Milan and Paris fashion weeks. In the first half of 2023, DESA's collections attracted considerable attention in the RG Showroom Milano events. The Spring&Summer'24 collections were also showcased with great success in Paris and Milan. Burak Çelet, CEO of DESA, assessed the company's success in the fashion world, stating, "With our NINETEENSEVENTYTWO DESA collection, available in 141 select locations worldwide, including Italy, Germany, France and Japan, we set the pulse of global fashion. With these developments, we are steadily progressing towards our goal of becoming an international brand."

"We are progressing towards our goals with our sustainability and growth-focused efforts."

Burak Çelet continued, "since our establishment in 1972, we have become one of the leading manufacturers of luxury leather products worldwide through our consistent efforts. Once again, we have proven our commitment to sustainability. We received the LWG Gold rating in the Leather Working Group assessment with a high performance in 17 critical areas, including water usage, energy consumption, waste management and the use of approved chemicals. This rating is a result of our sensitivity in leather processing processes." DESA's CEO also emphasized their environmentally-friendly projects, stating, "We will donate an additional 10,000 trees to the General Directorate of Forestry, following our previous donation of 20,000 trees. We aim to plant 100,000 trees by the 100th anniversary of our Republic. Additionally, our company has started using carbon footprint calculation for all our factories to accurately measure and manage its environmental impact."

Burak Çelet also noted that in September 2023, the company had taken an important step towards collaboration with DESA's subsidiary, DESA Internazionale S.R.L., to cooperate with the Tuscany Region and the Municipality of Poppi, through a Memorandum of Understanding signed in the first week of September. This collaboration will cover investment in R&D centers, employee training, regional incentives, communication, and marketing activities, contributing not only to the regional economy but also towards alignment with socio-economic and environmental sustainability.

"We celebrate our impressive performance and success in sustainability in the first nine months of 2023 with tremendous pride and determination alongside all our colleagues. DESA has proven itself with its sustainability, growth strategies and international expansion. The third-quarter results for 2023 indicate that our company is progressing steadily toward its planned goals. With our growth strategy and sustainability principles, we continue to look to the future with hope."

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About DESA

Established in 1972, DESA has achieved tremendous success as the leading producer of leather and leather products in Turkey. With its unique business model which is entirely vertically integrated, DESA is the leading exporter of leather products to Italy, accounting for 70% of Turkey's leather product exports to the country. Managing retail operations with 115 stores nationwide, DESA produces and sells both wholesale and retail leather clothing for both men and women, leather bags and leather accessories. The brand also operates e-commerce through desa.com.tr and 1972desa.com, and delivers DESA-branded products to European consumers in 5 countries through the Zalando platform. Serving international customers with its refined elegance under the brand 1972 DESA, the brand brings its leather clothing products to customers in more than 100 international sales points. As a publicly traded company listed on the Borsa Istanbul since May 2004, DESA operates with a leather production facility in Çorlu, Tekirdağ and two factories in Düzce and Sefaköy, Istanbul. The R&D and production facility in Italy which DESA started investing in 2022, recently entered operation.

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