

3Q'23

DESA

Investor Presentation



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



01

INTRODUCTION

DESA At a Glance

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

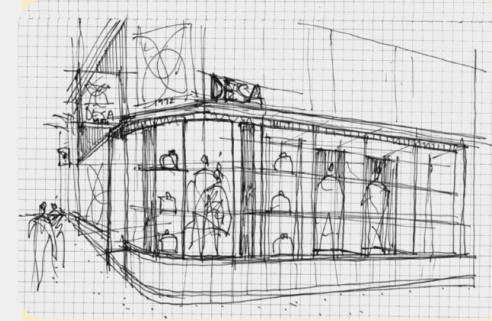
Closed Area
Tuscany Facility



1972
Establishment

%35 **2004**
Free Float IPO

1.694 Employees



Stores

14.651 m²

Store Area

114

Total Stores

4	93	17
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



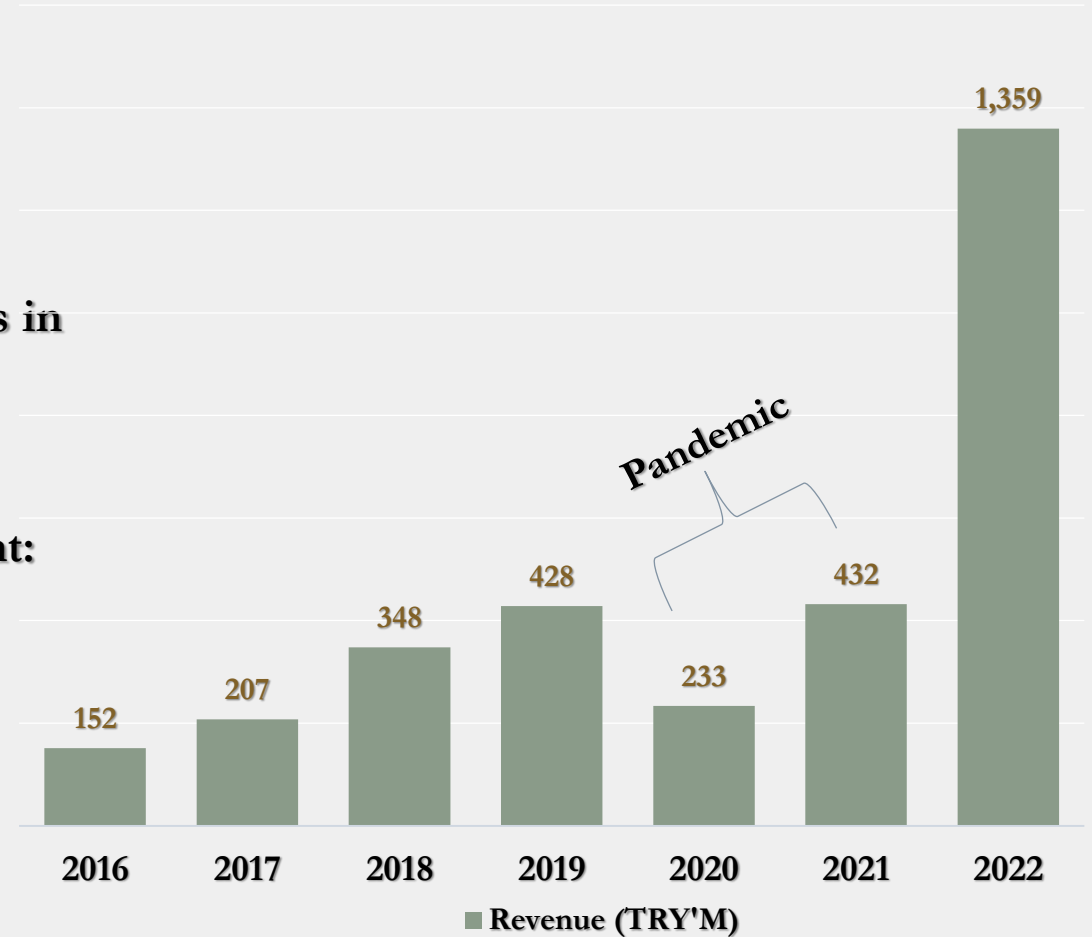
New factory in Italy opening new opportunities in luxury export



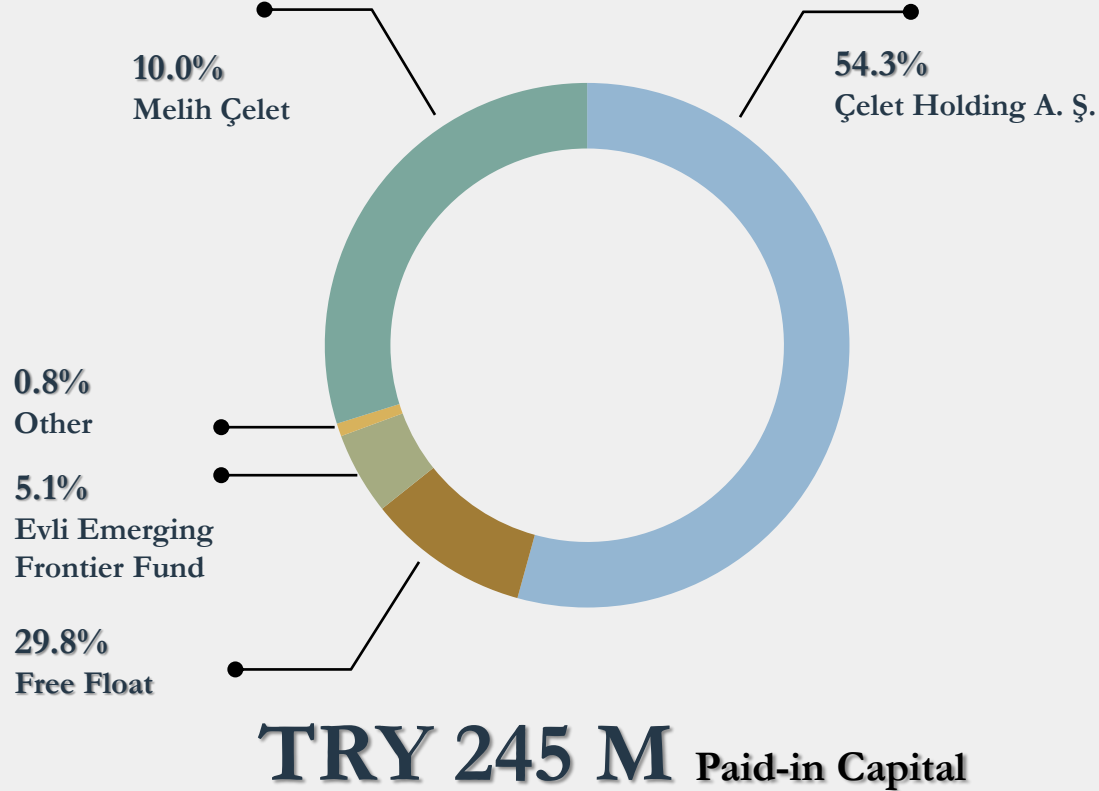
**2nd generation family ownership & management:
Alignment of interests**



**Strong Balance Sheet
(\$24m net cash at 9M.2023-end)**



Shareholders Structure & Board of Directors



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** Businessman & Burak Çelet's father

(* As of September 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

	30.09.2023		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 September 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.

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- ✓ 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

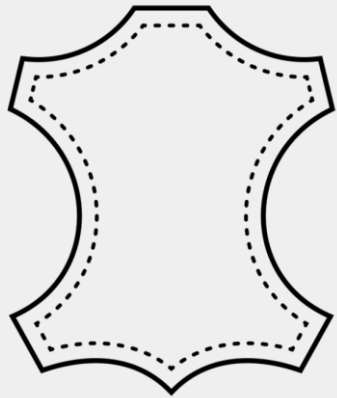
Turquality Program

Zalando: New e-Commerce Channel

Sustainability

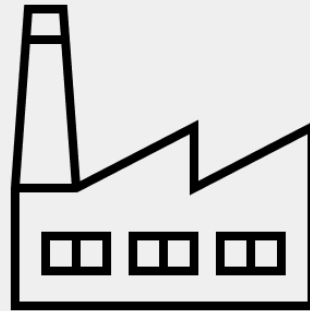
Vertical Integrated Business Model

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



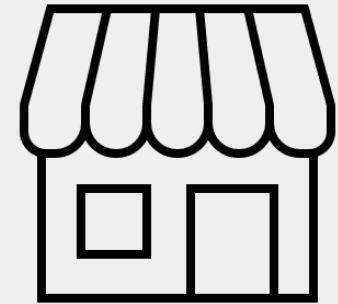
Raw Material Production

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
14,651 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.

1001 Employees

511 Store Employees

Total Workforce: 1694 Personnel

Düzce Factory 10.000 m²



Production of clothing and accessories from processed leather

Capacity: 14K bags per week

613 Employees

Tuscany Factory 2.000 m²



Production of clothing and accessories from processed leather

Capacity: 5K bags per month

100 Employees (Planned)

40 Employees (September 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

80 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



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

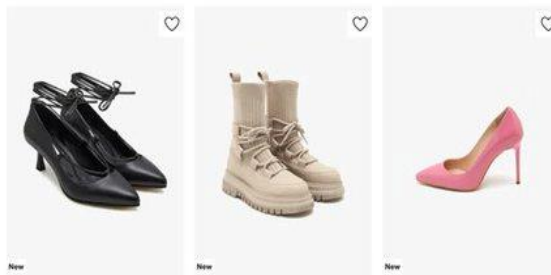


Desa Catalogue

- 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



ESG & SUSTAINABILITY

03

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"**
- **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)

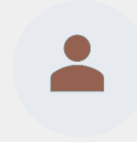
A tool that protects employee
rights and promotes improved
working conditions

DESA

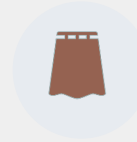
**Sedex-certified
in all facilities**



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

3Q'23 Results Overview

Sales

EBITDA Development

Net Operational Working Capital

Capital Expenditures

Income Statement

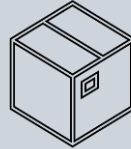
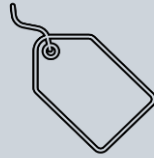
Balance Sheet

Share Information & Performance

3Q'23 Results Overview *

1.17x

FX-based Export
Revenue Growth



1.74x

Increase in Average
Bag Sales Price



1.87x

Increase in Average
Shoe Sales Price



1.24x

Revenue
Increase



1.92x

EBITDA
Increase



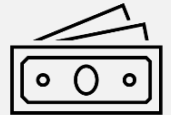
1.82x

Net Income
Increase



TRY 666M

Net Cash
Position

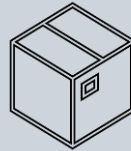


(*) All data are compared with the data of the 3Q'22.

3Q'23 Results Overview *

1.17x

FX-based Export
Revenue Growth



1.25x

Increase in Average
Bag Sales Price



1.21x

Increase in Average
Shoe Sales Price



-0.83x

Revenue
Increase



1.28x

EBITDA
Increase



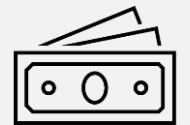
1.16x

Net Income
Increase



USD 24 M

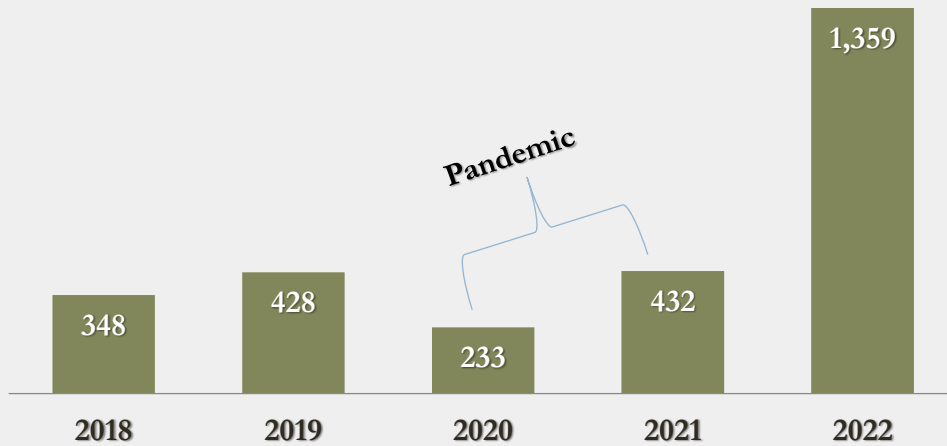
Net Cash
Position



(*) All data are compared with the data of the 3Q'22.

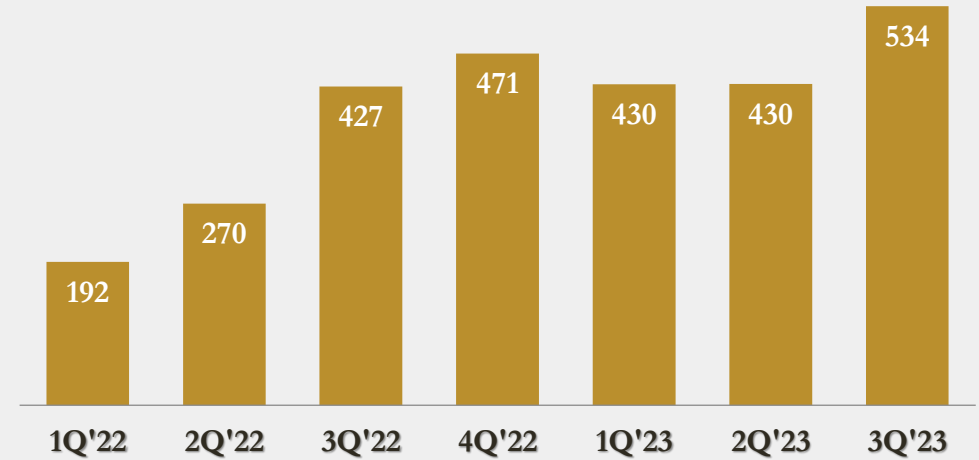
Sales Growth

Annual (TRY'M)



41% CAGR
'18 - '22

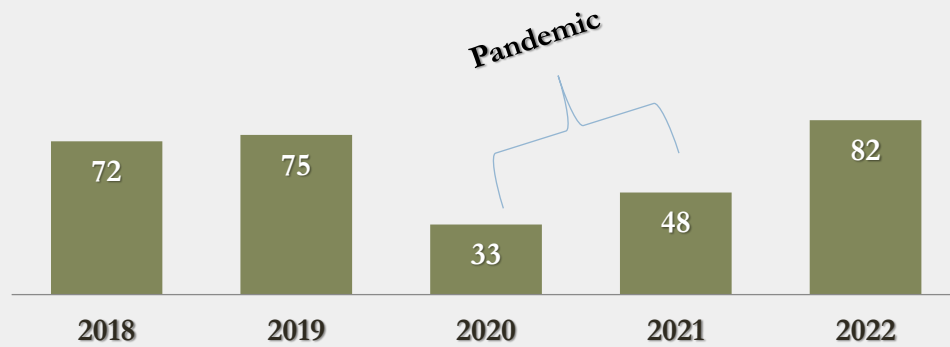
Quarterly (TRY'M)



57% YoY
3Q'23/3Q'22

Sales Growth

Annual (USD'M)



3% CAGR
'18 – '22

57% CAGR
'20 – '22

Quarterly (USD'M)

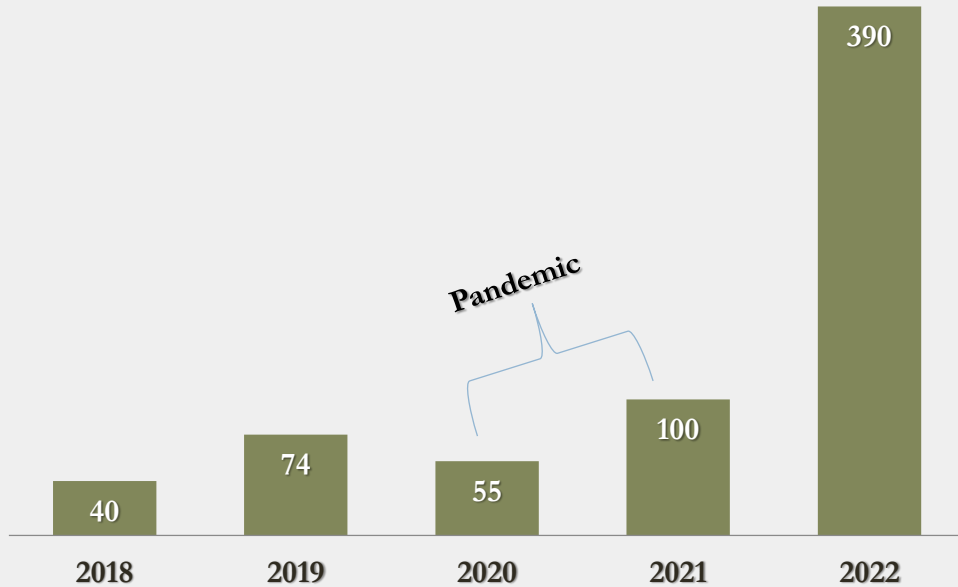


-16% YoY
3Q'23/3Q'22

EBITDA Growth

Annual (TRY'M)

Margin 11.4% 17.3% 23.4% 23.2% 28.7%

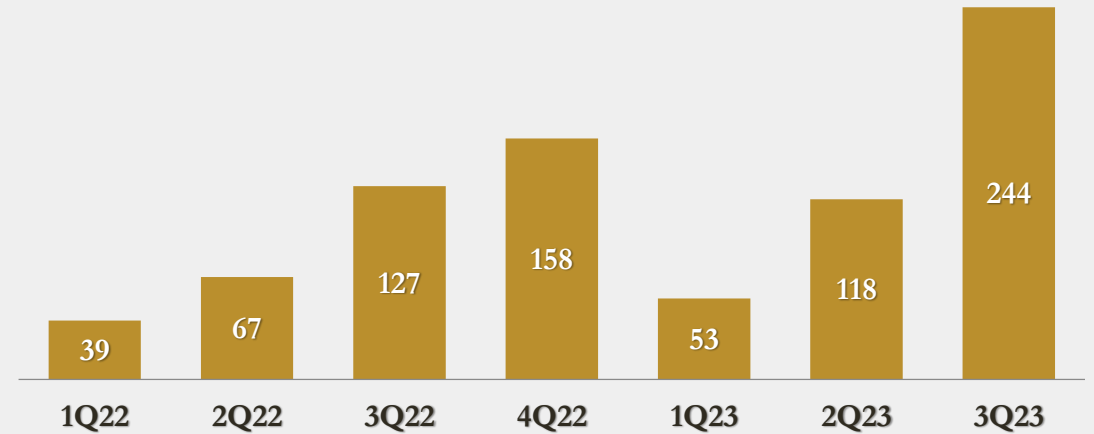


77% CAGR
'18-'22

167% CAGR
'20-'22

Quarterly (TRY'M)

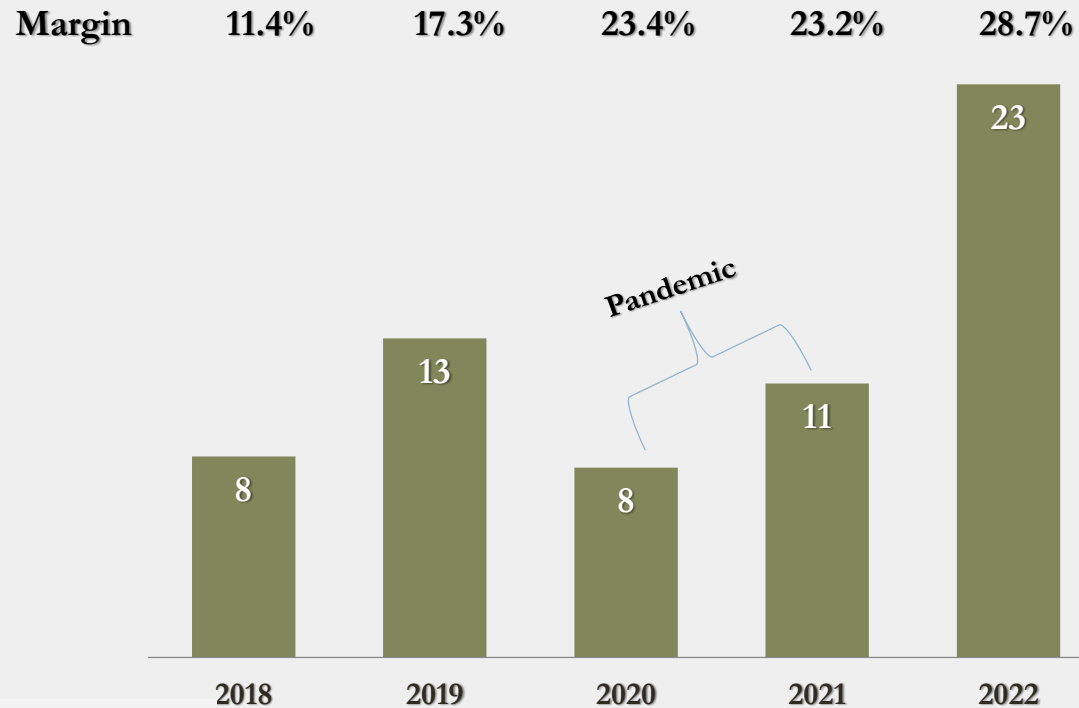
20,1% 24,9% 29,7% 33,6% 12,4% 27,5% 45,7%



93%
3Q'23/3Q'22

EBITDA Growth

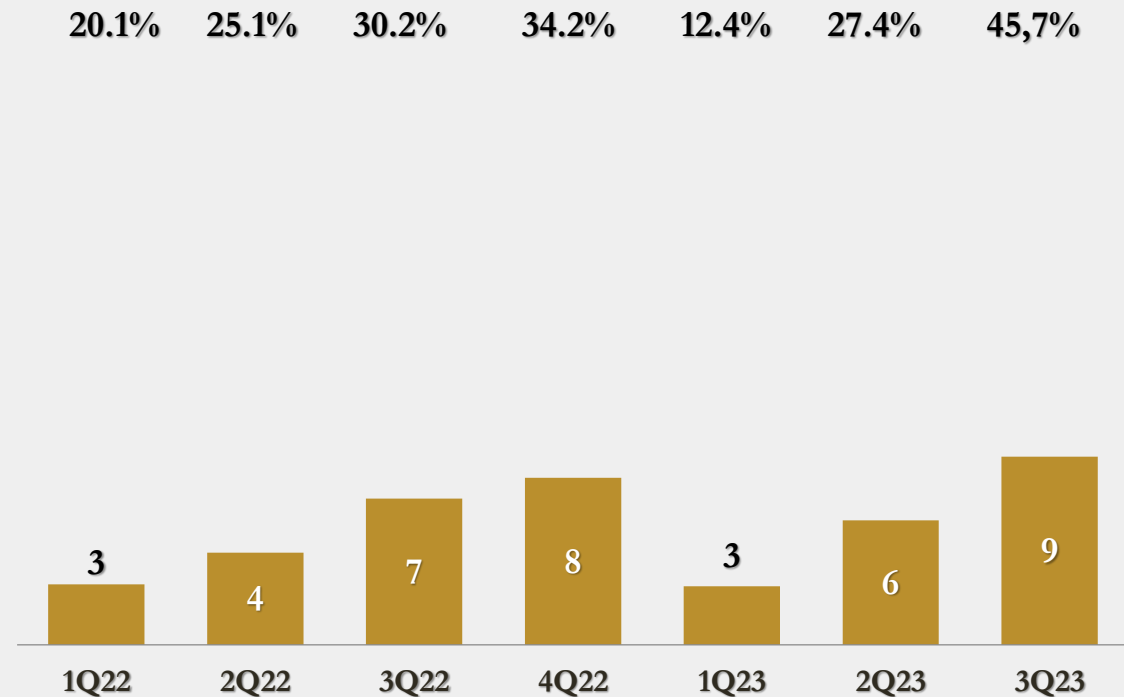
Annual (USD'M)



30% CAGR
'18-'22

74% CAGR
'20-'22

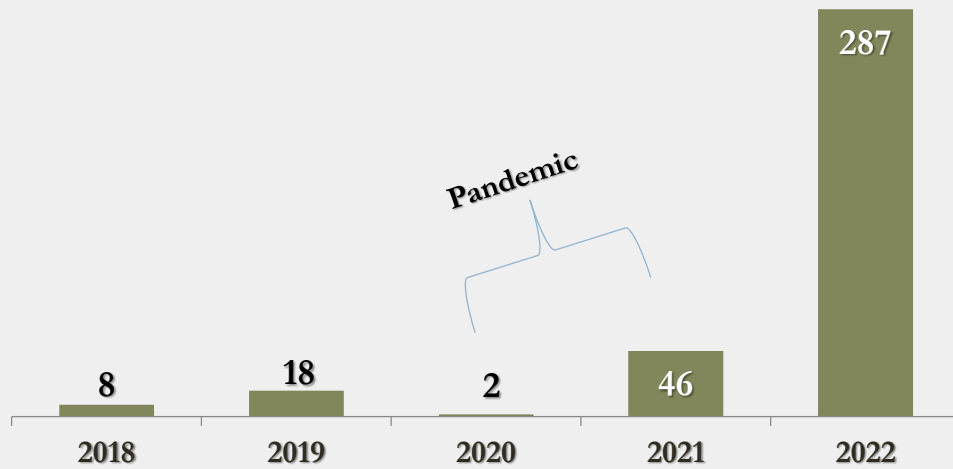
Quarterly (USD'M)



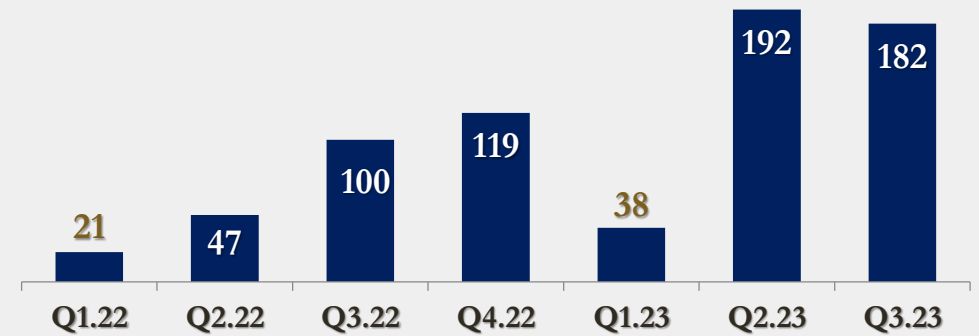
29%
3Q'23/3Q'22

Net Profit Growth

Annual (TRY'M)



Quarterly (TRY'M)



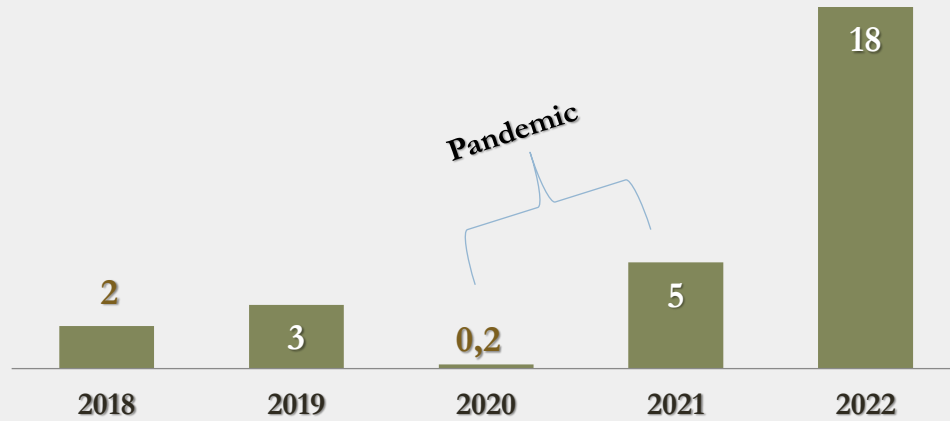
143% CAGR
'18 – '22

1221% CAGR
'20 – '22

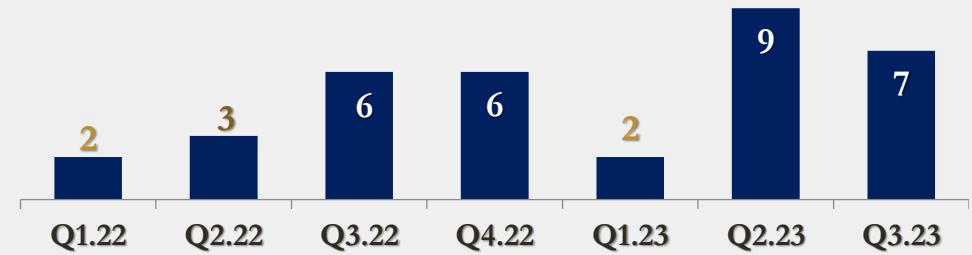
81% YoY
3Q'23/3Q'22

Net Profit Growth

Annual (USD'M)



Quarterly (USD'M)



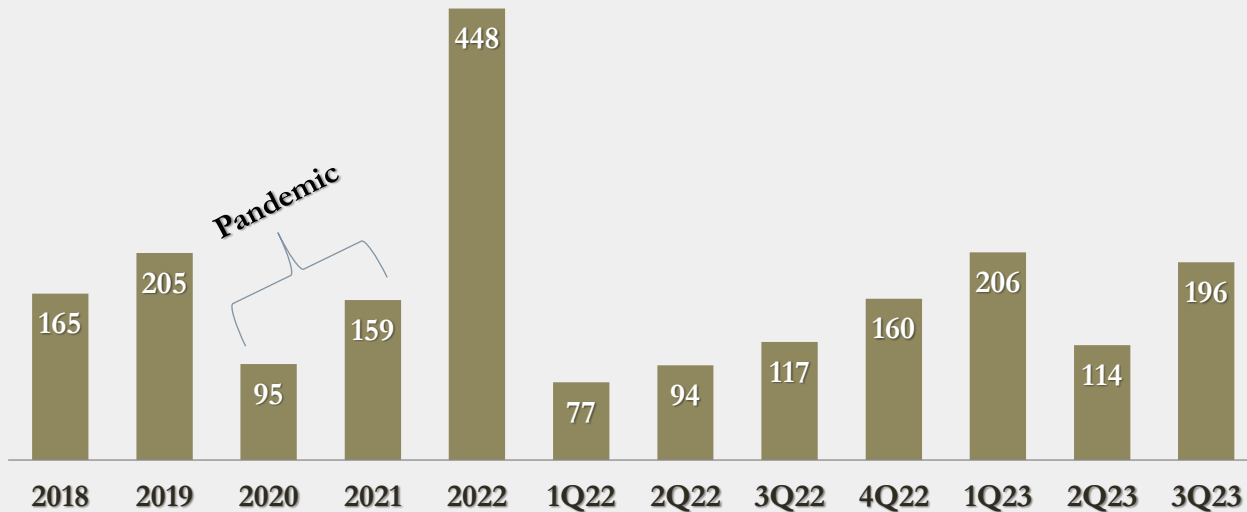
78% CAGR
'18 – '22

759% CAGR
'20 – '22

21% YoY
3Q'23/3Q'22

Export Performance

Exports (TRY'M)



28% CAGR
'18 – '22

68% YoY
'3Q.23 – '3Q.22

DESA

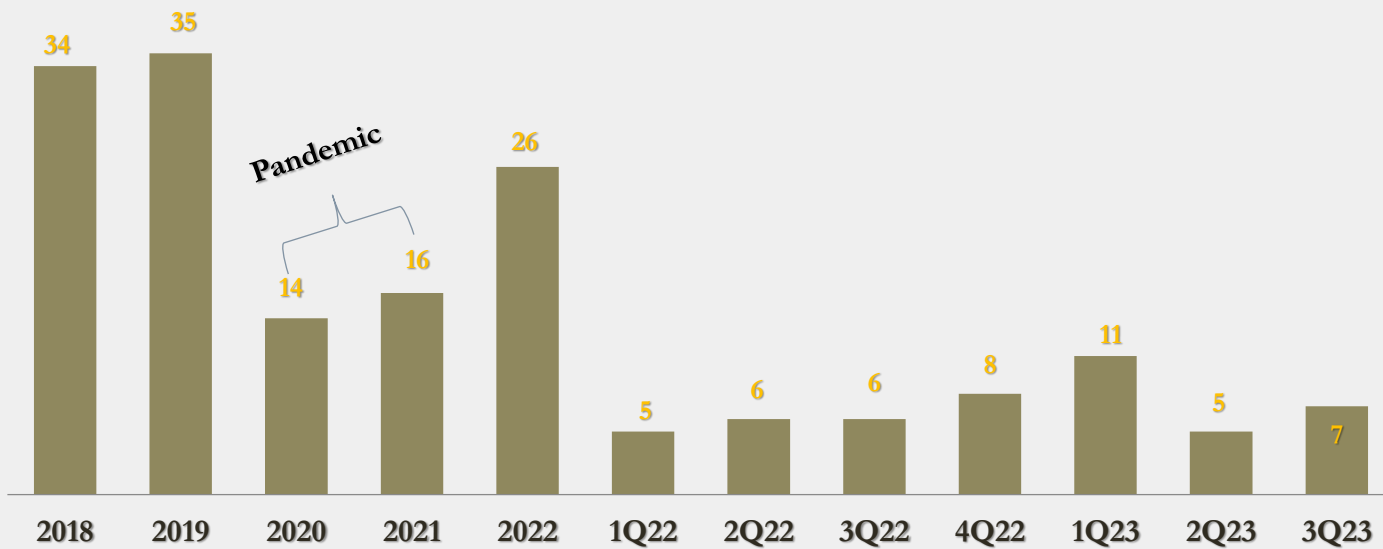
**Value
Added
Export**

Export Value Per Kg

DESA: 116 USD

Export Performance

Exports (USD'M)



36% CAGR
'20 – '22

17% YoY
'3Q.23 – '3Q.22

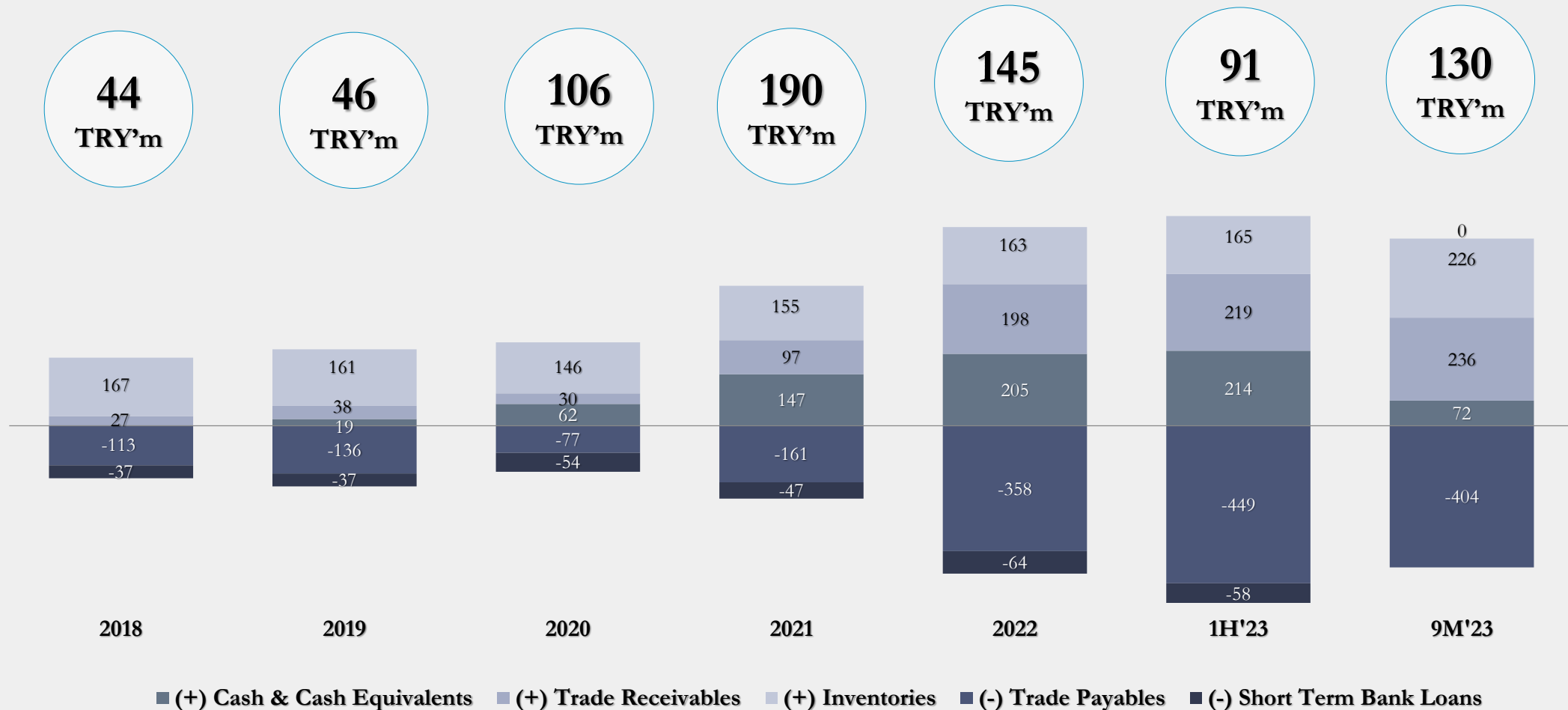
DESA

**Value
Added
Export**

Export Value Per Kg

DESA: 116 USD

Net Operational Working Capital



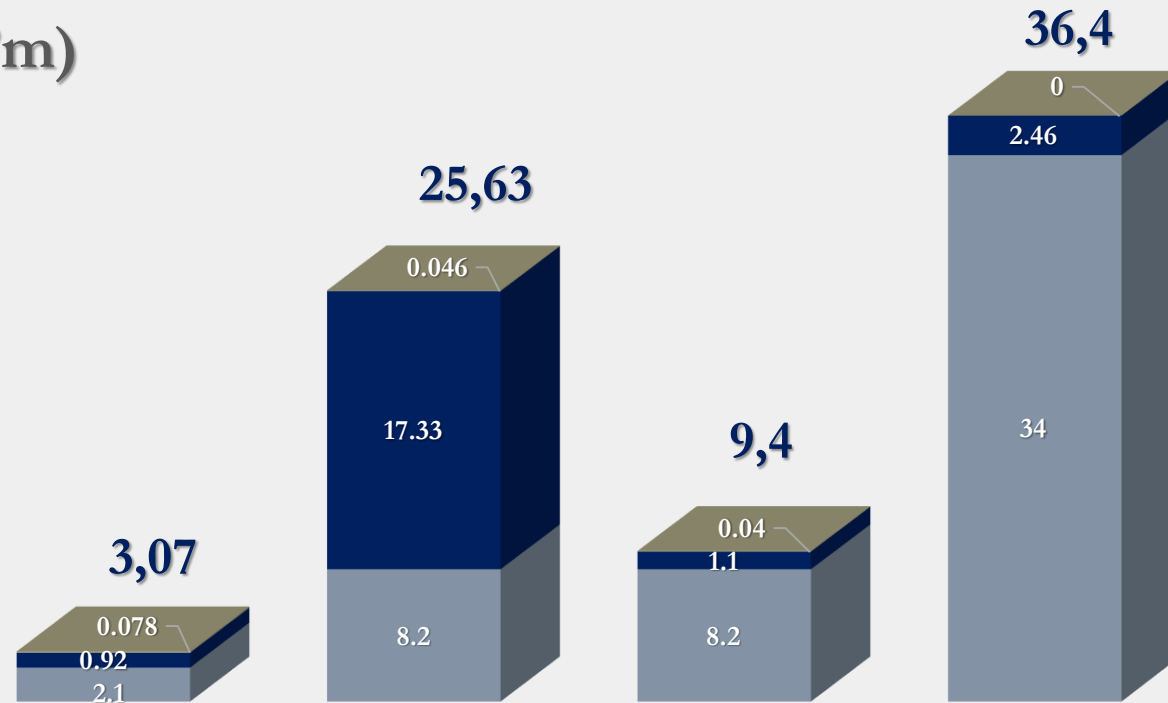
Net Operational Working Capital



Capital Expenditures

■ Retail ■ Production ■ Other

Annual (TRY'm)



2021

%0,7

2022

%1,9

1H'2023

%1,1

9M'23

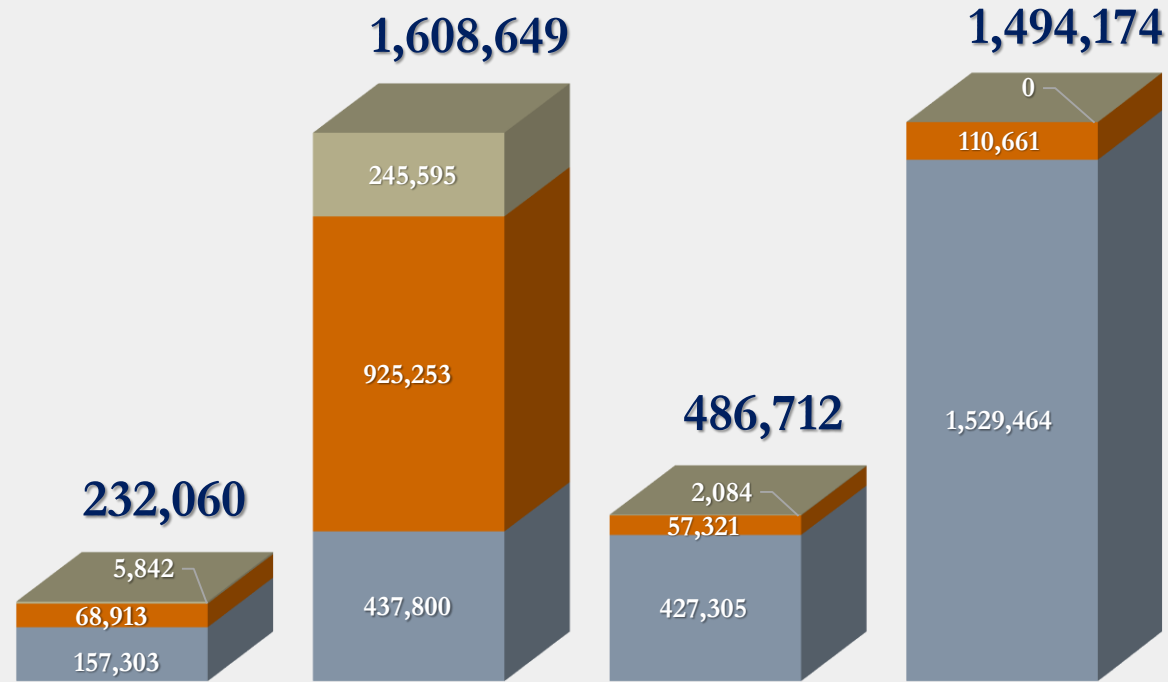
%2,6

○ Capex / Revenue

Capital Expenditures

■ Retail ■ Production ■ Other

Annual (USD)



2021

2022

1H'2023

9M'2023

%0,7

%1,9

%1,1

%2,6

Capex / Revenue

Summary Income Statement

Summary Income Statement (mn TL)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23/2Q23	3Q23/3Q22	9M22	9M23	9M23/9M22
REVENUES	192	270	427	471	430	430	534	24%	25%	888	1,393	57%
GROSS PROFIT	70	105	182	209	134	197	336	70%	85%	356	667	87%
Sales and Marketing Expenses	-41	-53	-78	-81	-97	-109	-121	11%	55%	-172	-327	90%
General Administrative Expenses	-6	-7	-9	-10	-21	-14	-18	28%	111%	-22	-54	145%
R&D Expenses	-1	-1	-1	-1	-2	-2	-2	7%	42%	-3	-5	68%
Other Incomes from Operating Activities	25	25	24	23	37	79	41	-48%	72%	74	157	112%
Other Expenses from Operating Activities	-21	-15	-14	-9	-20	-59	-24	-59%	68%	-51	-103	103%
OPERATING PROFIT (LOSS)	26	53	103	132	31	92	212	130%	105%	182	335	84%
Net Operating Profit (exc. oth. op. inc./exp.)	22	43	94	117	14	72	195	171%	108%	159	281	77%
EBITDA (with oth. op. inc./exp.)	39	67	127	158	53	118	244	107%	93%	232	416	79%
EBITDA (w/o oth. op. inc./exp.)	35	57	117	143	37	98	227	132%	94%	209	362	73%
Profit / (Loss) Share on Investments Valued by Equity Method	4	7	12	10	12	14	17	19%	39%	23	43	85%
Net Financing Income/ Expense	-5	-4	8	3	2	131	26	-80%	214%	-1	159	n.m.
NET PROFIT	21	47	100	119	38	192	182	-5%	81%	169	412	144%
Gross Profit Margin	36.3%	38.8%	42.6%	44.5%	31.1%	45.9%	63.0%	14,8 pp	7,1 pp	40.1%	47.9%	7,8 pp
EBITDA Margin (with oth. op. inc./exp.)	20.1%	24.9%	29.7%	33.6%	12.4%	27.5%	45.7%	15,1 pp	2,6 pp	26.1%	29.8%	3,7 pp
EBITDA Margin (w/o oth. op. inc./exp.)	18.0%	21.3%	27.4%	30.5%	8.5%	22.8%	42.6%	14,3 pp	1,5 pp	23.5%	26.0%	2,4 pp
Net Profit Margin	11.1%	17.4%	23.6%	25.2%	8.7%	44.7%	34.2%	36 pp	27,3 pp	19.0%	29.6%	10,6 pp

Summary Income Statement

Summary Income Statement (USD'm)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23/2Q23	3Q23/3Q22	9M22	9M23	9M23/9M22
REVENUES	14	17	24	25	23	20	20	-3%	-16%	55	63	16%
GROSS PROFIT	5	7	10	11	7	9	13	33%	24%	22	29	33%
Sales and Marketing Expenses	-3	-3	-4	-4	-5	-5	-5	-13%	4%	-11	-15	39%
General Administrative Expenses	0	0	0	-1	-1	-1	-1	0%	41%	-1	-2	81%
R&D Expenses	0	0	0	0	0	0	0	-17%	-5%	0	0	22%
Other Incomes from Operating Activities	2	2	1	1	2	4	2	-59%	15%	5	7	54%
Other Expenses from Operating Activities	-2	-1	-1	0	-1	-3	-1	-68%	12%	-3	-5	45%
OPERATING PROFIT (LOSS)	2	3	6	7	2	4	8	80%	37%	11	14	27%
Net Operating Profit (exc. oth. op. inc./exp.)	2	3	5	6	1	3	7	112%	39%	10	11	20%
EBITDA (with oth. op. inc./exp.)	3	4	7	8	3	6	9	62%	29%	14	18	25%
EBITDA (w/o oth. op. inc./exp.)	2	4	7	8	2	5	8	82%	30%	13	15	19%
Profit / (Loss) Share on Investments Valued by												
Equity Method	0	0	1	1	1	1	1	-7%	-7%	1	2	37%
Net Financing Income/ Expense	0	0	0	0	0	6	1	-84%	110%	0	7	n.m.
NET PROFIT	2	3	6	6	2	9	7	-26%	21%	10	18	77%
Gross Profit Margin	36%	39%	43%	44%	31%	46%	63%	14,8 pp	7,1 pp	40.1%	47.9%	7,8 pp
EBITDA Margin (with oth. op. inc./exp.)	20%	25%	30%	34%	12%	27%	46%	15,1 pp	2,6 pp	26.1%	29.8%	3,7 pp
EBITDA Margin (w/o oth. op. inc./exp.)	18%	21%	27%	30%	9%	23%	43%	14,3 pp	1,5 pp	23.5%	26.0%	2,4 pp
Net Profit Margin	11%	17%	24%	25%	9%	45%	34%	36 pp	27,3 pp	19.0%	29.6%	10,6 pp

Summary Balance Sheet

Summary Balance Sheet (TRY'm)	31.12.2022	31.03.2023	30.06.2023	30.09.2023
Current Assets	886	930	1.139	1.335
Fixed Assets	397	451	487	518
Total Assets	1.283	1.381	1.626	1.853
Short Term Liabilities	561	619	651	705
Long Term Liabilities	148	154	173	166
Shareholders Equity	574	608	802	982
Total Liabilities and Shareholders Equity	1.283	1.381	1.626	1.853
Net Cash Position	TRY336 M	TRY 384 M	TRY 586 M	TRY 666 M

Summary Balance Sheet

Summary Balance Sheet (USD'M)	31.12.2022	31.03.2023	30.06.2023	30.09.2023
Current Assets	47	47	44	49
Fixed Assets	21	24	19	19
Total Assets	68	72	63	68
Short Term Liabilities	30	32	25	26
Long Term Liabilities	8	8	7	6
Shareholders Equity	31	32	31	36
Total Liabilities and Shareholders Equity	68	72	63	68
Net Cash Position	USD 18 M	USD 20 M	USD 22 M	USD 24 M

Net Cash Position

(TL)	2021	9M 2022	2022	1Q 2023	1H 2023	9M 2023
Cash and Cash Equivalents	147,111,619	277,762,161	205,354,810	138,171,473	214,460,837	72,498,822
Financial Investments	0	60,218,127	265,882,311	368,819,906	507,671,495	697,725,714
Short-Term Bank Loans	3,787,394	8,908,807	5,802,017	5,792,324	2,282,501	0
Short-Term Portions of Long-Term Borrowings	42,853,115	55,730,915	57,913,139	51,773,275	55,803,716	35,860,509
Long-Term Bank Loans	117,197,828	70,775,833	71,113,602	65,065,157	78,464,168	67,961,603
NET CASH	-16,726,718	202,564,733	336,408,363	384,360,623	585,581,947	666,402,424

Foreign Currency Position & Loans

3Q'23 Bank Loans

EUR 2.3M	EXIM Bank Loan	Maturity: 3/2026
EUR 1.2M	EXIM Bank Loan	Maturity: 10/2025

Deposit

USD~5.4M = TRY 149,757,358 FX Rate Protected Deposit



Eurobond

EUR 7.7M
USD 11.4M
GBP 0.8M

TL 666 M
Net Cash

Net Cash Position

(USD'M)	2020	2021	2022	1Q 2023	1H 2023	9M 2023
Cash and Cash Equivalents	8	11	11	7	8	3
Financial Investments	0	0	14	19	20	25
Short-Term Bank Loans	4	0.30	0,30	0,30	0,09	0
Short-Term Portions of Long-Term Borrowings	3	3	3	3	2	1
Long-Term Bank Loans	10	9	4	3	3	2
NET CASH	-9	- 1.2	18	20	22	24

Foreign Currency Position & Loans

3Q'23 Bank Loans

EUR 2.3M	EXIM Bank Loan	Maturity: 3/2026
EUR 1.2M	EXIM Bank Loan	Maturity: 10/2025

Deposit

USD~5.4M = TRY 149,757,358 FX Rate Protected Deposit

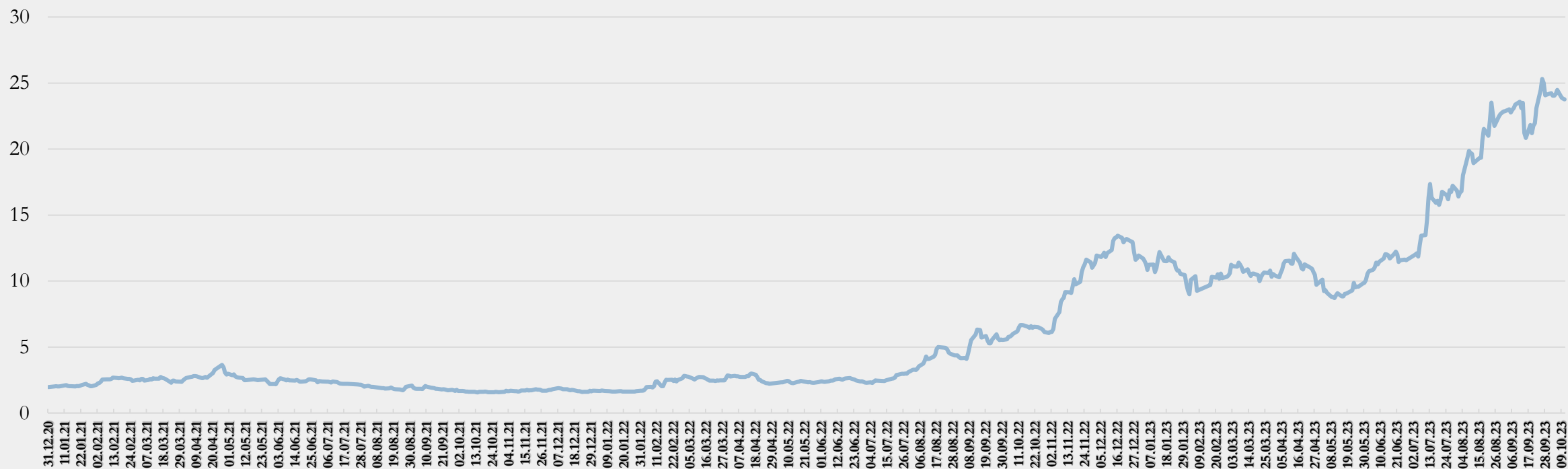


Eurobond

EUR 7.7M
USD 11.4M
GBP 0.8M

USD 24 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: 22%

Market Capitalization: 5.7 billion TL

Average Daily Trading Volume: 5.2 million shares

Institutional Investor Rate: 20%

P/E Ratio: 12.91x

MV/EBITDA: 14,62x

P/BV Ratio: 7,27x

All stock price-related data is as of **October 11, 2023**.

DESA

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