

Delta Galil Reports Record First Quarter 2025 Results

Record First Quarter Sales Increased 11% with Strength Across All Segments and Channels, Representing the 5th Consecutive Quarter of Year-Over-Year Growth

Record First Quarter Gross Profit Expanded 6% to \$202.6 Million

First Quarter EBIT Increased 26% to \$32.7 Million

First Quarter EBIT Before Non-Core Items Increased 11%

First Quarter Net Profit Increased 46% to \$17.6 Million

First Quarter Net Profit Before Non-Core Items Increased 22%

Strong Balance Sheet with Net Debt to EBITDA, Excluding IFRS 16, of 0.7x

Dividend Declared of \$8.0 Million for the First Quarter 2025

Caesarea, Israel—May 22, 2025—Delta Galil Industries, Ltd. (DELG/Tel Aviv Stock Exchange), the global designer, manufacturer and marketer of branded and private label intimate, activewear, loungewear and denim apparel for ladies, men, and children, today reported financial results for the first quarter ended March 31, 2025.

- First quarter sales increased 11% to a first quarter record of \$498.7 million, driven by growth in all segments and channels
- First quarter online sales of the Company's own brands increased 21%
- Gross profit in the first quarter increased 6% to \$202.6 million, compared to \$190.5 million last year
- First quarter EBIT before non-core items increased 11% and reached \$32.7 million, compared to \$29.4 million, for the first quarter last year
- Net Debt to EBITDA, excluding IFRS 16, was 0.7x for the quarter ended March 31, 2025, compared to 0.7x last year
- Strong balance sheet with \$91.9 million in cash and record shareholders' equity of \$817.7 million at March 31, 2025
- Declares a \$8.0 million dividend for the first quarter 2025, same as for the first quarter last year

Isaac Dabah, CEO of Delta Galil, stated, “Delta delivered record first quarter sales, reflecting strong momentum across all segments and retail channels. Our top-line performance underscores our efforts to fuel the growth of our brands and partners through exceptional design and a relentless focus on innovation, quality and sustainability. This growth, combined with disciplined cost controls, yielded solid year-over-year gains in EBIT, EBITDA and net income.”

Mr. Dabah added, “While the macroeconomic environment has grown more complex amid evolving U.S. trade policies, our growth initiatives remain on track. We continue to see strong demand from key customers and are well positioned to gain market share due to our strategically located manufacturing facilities in countries with low tariff exposure.”

“With a profitable model, and a strong balance sheet, we’re well-positioned to invest in our multi-year growth plan. We believe our powerful platform, committed team, and global focus, will allow us to navigate any near-term economic challenges, while pursuing long-term growth opportunities to deliver lasting value for our shareholders,” concluded Mr. Dabah.

Sales

The Company reported first quarter 2025 sales of \$498.7 million, an 11% increase from \$450.8 million in the first quarter of 2024.

Gross Margin

Gross profit in the first quarter was \$202.6 million compared to \$190.5 million in the first quarter of 2024.

Gross margin in the first quarter of 2025 was 40.6% compared to 42.3% for the same period last year. The year-over-year reduction in the first quarter gross margin was due primarily to higher freight costs, 90 basis points impact of foreign currency exchange-rates and lower export subsidy in our Egyptian operations.

EBIT

EBIT in the first quarter of 2025 was \$32.7 million, compared to \$26.0 million, in the first quarter last year.

EBIT before non-core items in the first quarter of 2025 was \$32.7 million, or 6.6% of sales, compared to \$29.4 million, or 6.5% of sales, in the same period last year.

The year-over-year increase in first quarter EBIT was primarily due to higher sales and controlled operating expenses.

Non-Core Items

For the first quarter of 2025, the Company recorded no non-core expenses. For the first quarter of 2024, expenses associated with the Company's previously disclosed realignment plan for Bare Necessities were \$3.4 million.

Net Income

Net income in the first quarter of 2025 increased 46% to \$17.6 million, compared to \$12.0 million in the same period last year.

Net income excluding non-core items, net of tax in the first quarter of 2025, increased 22% to \$17.6 million, compared to \$14.5 million in the first quarter of 2024.

Diluted Earnings Per Share

Diluted earnings per share in the first quarter of 2025 increased 56% to \$0.62, compared to \$0.39 in the first quarter last year.

Diluted earnings per share, excluding non-core items, net of tax, increased 26% to \$0.62 in the first quarter of 2025 compared to \$0.49 in the first quarter of 2024.

EBITDA, Cash Flow, Net Debt, Equity, and Dividend

EBITDA, excluding IFRS 16, in the first quarter of 2025 increased 7% to \$40.5 million, compared to \$37.7 million in the first quarter of 2024.

Cash flow generated from operating activities, excluding IFRS 16, was \$4.0 million, compared to \$23.5 million in the first quarter of 2024. The year-over-year reduction in operating cash flow was primarily attributable to changes in working capital to support expected sales growth, additional new brands and longer lead-time.

Net Debt to EBITDA, Excluding IFRS 16, as of March 31, 2025, was 0.7x and at a similar level compared to March 31, 2024.

Equity on March 31, 2025, was \$817.7 million, up 7% from \$764.6 million on March 31, 2024.

Delta Galil declared a dividend of \$8.0 million, or \$0.3065 per share, which will be distributed on June 10, 2025, with a record and "ex-dividend" date of May 28, 2025.

2025 Financial Guidance

The Company's previous guidance provided in its 2024 annual report did not include any impacts from new tariff legislation on imports to the U.S. that recently became effective. In light of the uncertainty with respect to country specific reciprocal tariff rates, the Company has withdrawn its prior guidance.

The Company is working to offset the effects of tariffs by sharing the impacts with its long-term vendors and strategically optimizing the Company's sourcing and production to countries with lower exposure to tariffs. The Company estimates that based on current tariff rates, the potential impact on 2025 annual operating income will not exceed \$20 million. In addition, the Company is taking proactive measures to reduce annual operating expenses by \$5-7 million.

Constant Currency - Excluding the Impact of Foreign Currency

This release refers to "reported" amounts in accordance with IFRS accounting principles ("GAAP"), which include translation and transactional impacts from foreign currency exchange rates. The release also refers to "constant dollar" amounts, which exclude the impact of translating foreign currencies into U.S. dollars, and are considered a non-GAAP financial measure. These constant currency performance measures should be viewed in addition to, and not in lieu of, or superior to, Delta Galil's operating performance measures calculated in accordance with GAAP.

About Delta Galil Industries

Delta Galil Industries is a global designer, manufacturer and marketer of branded and private label apparel products for men, women and children. Since its inception in 1975, the Company has continually endeavored to create products that follow a body-before-fabric philosophy, placing equal emphasis on comfort, aesthetics and quality. Delta Galil develops innovative seamless apparel including bras, shapewear and socks; intimate apparel for women; underwear for men including under its owned brands Schiesser, Eminence, Organic Basics, and Athena; babywear, activewear, sleepwear, and loungewear including under its owned P.J. Salvage and Delta brands. Delta Galil also designs, develops markets and sells branded denim and apparel under the brand 7 For All Mankind®, and ladies' and kids' apparel under the brand Splendid®. In addition, it sells its products under brand names licensed to the company, including adidas, Wolford, Wilson, Columbia, Tommy Hilfiger, Polo Ralph Lauren and others. For more information, visit www.deltagalil.com.

Safe Harbor Statement

Matters discussed in this press release contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this press release, the words "anticipate," "believe," "estimate," "may" "intend," "expect" and similar expressions identify such forward-looking statements. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein, and while expected, there is no guarantee that we will attain the aforementioned anticipated developmental milestones. These forward-looking statements are based largely on the expectations of the Company and are subject to a number of risks and uncertainties. These include, but are not limited to, risks and uncertainties associated with: the impact of economic, tax rates in the various countries the Company operates in, competitive and other factors affecting the Company and its operations, markets, product, and distributor performance, the impact on the national and local economies resulting from terrorist actions, and U.S. actions subsequently; and other factors detailed in reports filed by the Company.

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DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets

As of March 31, 2025

	March 31		December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	Thousands of Dollars		
Assets			
Current assets:			
Cash and cash equivalents	90,188	187,369	120,509
Restricted Cash	1,732	1,859	1,305
Trade receivables	210,538	204,655	271,873
Income taxes receivable	2,805	1,436	1,927
Other accounts receivable	58,809	50,177	56,998
Financial derivative	8	76	160
Inventory	458,085	394,283	400,533
Asset held for sale	1,773	1,773	1,773
Total current assets	823,938	841,628	855,078
Non-current assets:			
Investments accounted for using the equity method and long-term receivables	12,825	15,068	12,824
Investment property	2,464	2,585	2,401
Property, plant and equipment, net, including under construction	302,825	253,698	288,346
Goodwill	139,411	144,730	138,033
Intangible assets, net of accumulated amortization	297,458	292,567	294,899
Right of use assets	288,825	237,880	257,629
Deferred tax assets	31,694	30,967	30,537
Financial derivative	170	714	511
Total non-current assets	1,075,672	978,209	1,025,180
Total assets	1,899,610	1,819,837	1,880,258

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets

As of March 31, 2025

Liabilities and Equity	March 31		December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	Thousands of Dollars		
Current liabilities:			
Short-term bank loans	12,014	38,102	2,335
Current maturities of long term bank loans	21,567	24,965	20,939
Current maturities of bonds	29,471	29,662	29,476
Financial derivative	1,222	1,143	1,314
Current maturities of leases liabilities	79,323	51,908	53,663
Trade payables	235,619	203,982	237,371
Income taxes payable	18,661	29,729	23,805
Provision for realignment plan	7,303	3,563	8,142
Others payables	173,623	142,261	194,900
Total current liabilities	578,803	525,315	571,945
Non-current liabilities:			
Bank loans	118,310	133,471	124,163
Post-employment benefits obligation, net	5,418	5,434	5,810
Lease Liability	230,972	206,311	225,802
Other non-current liabilities	48,103	53,441	49,105
Bonds	63,291	94,996	64,712
Deferred taxes liabilities	34,079	33,521	33,394
Financial derivative	2,957	2,746	1,765
Total non-current liabilities	503,130	529,920	504,751
Total liabilities	1,081,933	1,055,235	1,076,696
Equity:			
Equity attributable to shareholders in the parent company:			
Share capital	23,714	23,714	23,714
Share premium	123,800	126,219	124,025
Other capital reserves	23,651	23,168	15,590
Retained earning	632,409	573,560	625,912
Treasury shares	(9,464)	(12,026)	(9,832)
	794,110	734,635	779,409
Non-controlling interests	23,567	29,967	24,153
Total equity	817,677	764,602	803,562
Total liabilities and equity	1,899,610	1,819,837	1,880,258

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Statement of Income
For the 3-month period ending March 31, 2025

	Three months ended March 31		% Increase/(Decrease)
	2025	2024	
	(Unaudited)		
	Thousands of Dollars		
	Except for Earning Per Share data		
Sales	498,670	450,779	11%
Cost of sales	296,082	260,280	
Gross profit	202,588	190,499	6%
% of sales	40.6%	42.3%	
Selling and marketing expenses	142,346	134,811	6%
% of sales	28.5%	29.9%	
General and administrative expenses	28,048	26,407	6%
% of sales	5.6%	5.9%	
Other income, net and Share in profits of investees accounted for using the equity method	(486)	(69)	
Operating income excluding non-core items	32,680	29,350	11%
% of sales	6.6%	6.5%	
Non-core items	-	3,360	
Operating income	32,680	25,990	26%
Financing expenses, net	9,597	10,938	(12%)
Income before tax on income	23,083	15,052	
Income taxes expenses	5,480	3,003	
Net income for the period	17,603	12,049	46%
Net income for the period excluding non-core items, net of tax	17,603	14,486	22%
Attribution of net earnings for the period:			
Attributed to Company's shareholders	16,219	10,339	
Attributed to non-controlling interests	1,384	1,710	
	17,603	12,049	
Net diluted earnings per share attributed to company's shareholders	0.62	0.39	
Net diluted earnings per share, before non-core items, net of tax, attributable to Company's shareholders	0.62	0.49	27%

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the 3-month period ending March 31, 2025

	Three months ended March 31	
	2025	2024
	(Unaudited)	
	Thousands of Dollars	
Cash flows from operating activities:		
Net income for the period	17,603	12,049
Adjustments required to present cash flows from operating activities	19,748	43,337
Interest paid in cash	(8,961)	(8,522)
Interest received in cash	439	1,234
Income taxes paid in cash, net	(10,393)	(12,524)
Net cash generated from operating activities	18,436	35,574
Cash flows from investment activities:		
Acquisition of property, plant including under construction	(20,635)	(12,295)
Acquisition of intangible assets	(5,320)	(17,364)
Proceeds from sale of property, plant and equipment	1,724	220
Others	(407)	416
Net cash used in Investing activities	(24,638)	(29,023)
Cash flows from financing activities:		
Dividend paid to non-controlling interests in subsidiary	(1,679)	(1,800)
Payment of long-term payable in connection with acquisition of property, plant and equipment under construction	(1,203)	(1,406)
Principal elements of lease payments	(14,386)	(12,087)
Dividend paid	(10,023)	(9,021)
Receipt of long-term bank loans	967	543
Repayment of long-term bank loans	(7,434)	(6,154)
Short-term credit from banking corporations, net	9,463	37,282
Others	(232)	1,734
Net cash generated from (used in) financing activities	(24,527)	9,091
Net increase (decrease) in cash and cash equivalents	(30,729)	15,642
Effects of exchange rate changes on cash and cash equivalents	408	(2,736)
Balance of cash and cash equivalents at the beginning of the period, net	120,509	174,463
Balance of cash and cash equivalents at the end of the Period, net	90,188	187,369

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the 3-month period ending March 31, 2025

	Three months ended March 31	
	2025	2024
	(Unaudited)	
	Thousands of Dollars	
Reconciliations required to present cash flows generated by operating activities:		
Adjustments in respect of:		
Depreciation	8,263	8,331
Amortization	16,812	17,610
Exchange rate (gains) losses	(163)	410
Interest in respect of bonds and loans	5,623	5,798
Interest received in cash	(439)	(1,234)
Taxes on income paid in cash, net	10,393	12,524
Deferred taxes on income, net	(1,701)	(4,545)
Interest expenses recognized in respect of lease agreements	3,338	2,724
Retirement benefit obligation, net	(514)	187
Change in realignment provision	(839)	(11)
Gain from disposal of property, plant and equipment	(477)	(76)
Share-based payments expenses	414	401
Share in profits (loss) of investee accounted for using the equity method	147	(60)
Others	271	(1,241)
	41,128	40,818
Changes to operating assets and liabilities:		
Decrease in trade receivables	63,763	33,480
Increase in other receivable	(1,888)	(1,777)
Increase (decrease) in trade payables	(6,604)	35,460
Decrease in other payables	(23,823)	(28,330)
Increase in inventory	(52,828)	(36,314)
	(21,380)	2,519
	19,748	43,337