

FOR IMMEDIATE RELEASE

Delta Galil Reports Second Quarter 2025 Results

Second Quarter Sales Remained Stable Year-Over-Year at \$470.1 Million Despite the U.S. Tariff Impact and the Israel-Iran War

Record Second Quarter Direct-To-Consumer Sales, Increased 9% Year-Over-Year

Record Second Quarter Gross Margin of 42.8%

Strong Balance Sheet with Record Equity of \$852.0 Million

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

Caesarea, Israel—August 21, 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 second quarter ended June 30, 2025.

- Second quarter sales of \$470.1 million remained stable from the prior year quarter
- Own-web sales (excluding Bare Necessities) increased 29%, representing the 10th consecutive quarter of double-digit growth
- Gross profit in the second quarter increased 2% to \$201.3 million, compared to \$197.4 million for the second quarter last year
- Second quarter EBIT was \$31.0 million, compared to \$37.8 million for the second quarter last year
- Declares a \$8.0 million dividend for the second quarter of 2025, same as for the second quarter last year

Isaac Dabah, CEO of Delta Galil, stated, “Delta delivered solid second quarter financial results despite the challenging US tariff environment this year. Despite the tariff impact, second quarter steady sales demonstrate the strength of our diversified, global platform including robust growth in our branded direct-to-consumer channels. Our record gross margin in this quarter on a backdrop of tariff uncertainty is a true achievement and a testament to the strength and flexibility of our vertical operating model and the agility of our operating team. Going forward, we see opportunity to gain market share due to our strategically located hub in Egypt with low tariff and no duty generating increasing demand from strategic customers.”

“Our robust balance sheet remains a competitive advantage, providing Delta with the flexibility to invest in our facilities, operations and multi-year growth initiatives. We are expanding and streamlining factories in strategic locations, enhancing logistics centers, and expanding our store

footprint and e-commerce platform globally. We remain confident in our ability to create value for our shareholders in 2025 and beyond,” concluded Mr. Dabah.

Sales

Second quarter 2025 sales remained stable and reached \$470.1 million, compared to \$471.4 million in the second quarter of 2024, despite exogenic one-time factors. First half sales were \$968.8 million, a 5% increase from \$922.2 million in the prior-year period.

DTC sales of the Company’s owned brands increased 9% and 12% in the second quarter and the first half of 2025, respectively, compared to the same periods last year.

Gross Margin

Gross profit in the second quarter was \$201.3 million compared to \$197.4 million in the second quarter of 2024. Gross profit in the first half of 2025 was \$403.9 million compared to \$387.9 million in the prior-year period.

Gross margin in the second quarter of 2025 increased by 90-basis points to a second quarter record of 42.8%, compared to 41.9% in the second quarter of 2024. The year-over-year increase in the second quarter gross margin was due primarily to positive exchange rates, higher DTC sales and favorable segment mix, partially offset by the U.S. tariff impact and a lower export subsidy in our Egyptian operation. Gross margin in the first half of 2025 was 41.7%, compared to 42.1% in the first half of 2024.

EBIT

EBIT in the second quarter of 2025 was \$31.0 million, compared to \$37.8 million, in the second quarter last year. The year-over-year decrease in second quarter EBIT was primarily due to higher selling and marketing expenses due to negative exchange rate impact, the expansion of direct-to-consumer operations and additional costs associated with the new brand Passionata acquired last year, partially offset by higher gross margin as stated above.

EBIT in the first half of 2025 was \$63.7 million, compared to \$63.8 million in the same period last year. In the first half of 2025, EBIT before non-core items was \$63.7 million, or 6.6% of sales, compared to \$67.2 million, or 7.3% of sales, in the first half of 2024.

Non-Core Items

For the second quarter and first half of 2025, the Company recorded no non-core expenses. For the first half 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 second quarter of 2025 was \$16.7 million, compared to \$21.0 million in the same period last year.

Net income in the first half of 2025 was \$34.3 million, compared to \$33.1 million in the first half last year. Net income excluding non-core items, net of tax, was \$34.3 million, compared to \$35.5 million in the first half of 2024.

Diluted Earnings Per Share

Diluted earnings per share in the second quarter of 2025 was \$0.57, compared to \$0.74 in the second quarter last year.

Diluted earnings per share in the first half of 2025 were \$1.18, compared to \$1.13 in the same period last year. Diluted earnings per share, excluding non-core items, net of tax, were \$1.18, compared to \$1.22 in 2024.

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

EBITDA, excluding IFRS 16, in the second quarter of 2025 was \$39.1 million, compared to \$46.5 million in the second quarter of 2024. In the first half of 2025, EBITDA excluding IFRS 16 impact was \$79.6, compared to \$84.2 million in the first half of 2024.

Cash flow generated from operating activities, excluding IFRS 16, was \$13.0 million, compared to \$28.1 million in the second quarter of 2024. Cash flow generated from operating activities, excluding IFRS 16, was \$17.1 million in the first half of 2025, compared to \$51.5 million in the first half of 2024. The year-over-year reduction in operating cash flow was primarily attributable to changes in working capital to support expected sales growth in the second half of the year.

Net Debt to EBITDA, excluding IFRS 16, as of June 30, 2025, was 0.9x, compared to 0.8x at June 30, 2024.

Equity on June 30, 2025, was \$852.0 million, compared to \$771.8 million on June 30, 2024.

Delta Galil declared a dividend of \$8.0 million, or \$0.3065 per share, which will be distributed on September 9, 2025, with a record and “ex-dividend” date of August 28, 2025.

2025 Financial Guidance

The Company's 2025 guidance excludes non-core items, based on the exchange rates of \$1.15 to 1 Euro and 3.45 NIS to \$1 and is based on the current tax and tariffs rates:

	Updated Full Year 2025 Guidance (in millions, except per share amount)	Original Full Year 2025 Guidance (in millions, except per share amount)
Sales	\$2,110 – 2,135	\$2,118 - 2,165
EBIT	\$171 – 176	\$192 - 200
EBITDA	\$275 – 279	\$293 - 301
Net income	\$97 – 101	\$112 - 118
Diluted EPS (\$)	\$3.32 – 3.46	\$3.92 - 4.15

The Company is working to offset the effects of tariffs by strategically optimizing its sourcing and production to countries with lower exposure to tariffs. In addition, the Company is working with its vendors and customers to minimize the tariffs' impact. The Company estimates that based on current tariff rates, the potential impact on 2025 annual operating income will not exceed \$22 million. This impact is included in the guidance above.

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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Source: Delta Galil Industries, Ltd.

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets

As of June 30, 2025

	June 30		December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	Thousands of Dollars		
Assets			
Current assets:			
Cash and cash equivalents	88,692	164,292	120,509
Restricted Cash	1,501	2,050	1,305
Trade receivables	191,776	214,009	271,873
Income taxes receivable	1,080	3,235	1,927
Other accounts receivable	59,196	51,217	56,998
Financial derivative	505	39	160
Inventory	491,803	418,381	400,533
Assets held for sale	4,770	1,773	1,773
Total current assets	839,323	854,996	855,078
Non-current assets:			
Investments accounted for using the equity method and long-term receivables	12,827	13,858	12,824
Investment property	2,640	2,528	2,401
Property, plant and equipment, net, including under construction	335,502	266,516	288,346
Goodwill	142,494	144,341	138,033
Intangible assets, net of accumulated amortization	301,799	289,447	294,899
Right of use assets	292,170	239,023	257,629
Deferred tax assets	35,637	33,778	30,537
Financial derivative	1,956	269	511
Total non-current assets	1,125,025	989,760	1,025,180
Total assets	1,964,348	1,844,756	1,880,258

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets

As of June 30, 2025

Liabilities and Equity	June 30		December 31
	2025	2024	2024
	(Unaudited)		(Audited)
Thousands of Dollars			
Current liabilities:			
Short-term bank loans	39,711	28,143	2,335
Current maturities of long term bank loans	22,325	24,983	20,939
Current maturities of bonds	31,289	29,638	29,476
Financial derivative	228	1,887	1,314
Current maturities of leases liabilities	68,730	51,865	53,663
Trade payables	213,580	227,129	237,371
Income taxes payable	14,993	30,247	23,805
Provision for realignment plan	3,506	3,051	8,142
Others payables	197,520	149,150	194,900
Total current liabilities	591,882	546,093	571,945
Non-current liabilities:			
bank loans	118,140	132,903	124,163
Post-employment benefits obligation, net	5,729	5,402	5,810
Lease Liability	249,916	207,758	225,802
Other non-current liabilities	43,783	49,556	49,105
Bonds	67,661	93,135	64,712
Deferred taxes liabilities	35,191	34,458	33,394
Financial derivative	-	3,688	1,765
Total non-current liabilities	520,420	526,900	504,751
Total liabilities	1,112,302	1,072,993	1,076,696
Equity:			
Equity attributable to company's shareholders:			
Share capital	23,714	23,714	23,714
Share premium	123,720	125,570	124,025
Other capital reserves	47,997	18,728	15,590
Retained earning	639,992	585,164	625,912
Treasury shares	(9,384)	(11,377)	(9,832)
	826,039	741,799	779,409
Non-controlling interests	26,007	29,964	24,153
Total equity	852,046	771,763	803,562
Total liabilities and equity	1,964,348	1,844,756	1,880,258

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Statement of Income
For the 6-month and 3-month periods ending June 30, 2025

	Six months ended June 30		Increase/ (Decrease)	Three months ended June 30		Increase/ (Decrease)
	2025	2024	%	2025	2024	%
	(Unaudited)			(Unaudited)		
	Thousands of Dollars			Thousands of Dollars		
	Excluding Earning Per Share data			Excluding Earning Per Share data		
Sales	968,794	922,205	5%	470,124	471,426	(0%)
Cost of sales	564,882	534,316		268,800	274,036	
Gross profit	403,912	387,889	4%	201,324	197,390	2%
% of sales	41.7%	42.1%		42.8%	41.9%	
Selling and marketing expenses	286,732	269,209	7%	144,386	134,398	7%
% of sales	29.6%	29.2%		30.7%	28.5%	
General and administrative expenses	53,174	51,551	3%	25,126	25,144	(0%)
% of sales	5.5%	5.6%		5.3%	5.3%	
Other expense (income), net and Share in losses (profits) of investees accounted for using the equity method	298	(27)		784	42	
Operating income excluding non-core items	63,708	67,156	(5%)	31,028	37,806	(18%)
% of sales	6.6%	7.3%		6.6%	8.0%	
Non-core items	-	3,360		-	-	
Operating income	63,708	63,796	(0%)	31,028	37,806	(18%)
Financing expenses, net	19,045	21,836	(13%)	9,448	10,898	(13%)
Income before tax on income	44,663	41,960		21,580	26,908	
Income taxes expenses	10,324	8,890		4,844	5,887	
Net income for the period	34,339	33,070	4%	16,736	21,021	(20%)
Net income for the period excluding non-core items, net of tax	34,339	35,507	(3%)	16,736	21,021	(20%)
Attribution of net earnings for the period:						
Attributed to Company's shareholders	31,271	29,627		15,052	19,288	
Attributed to non-controlling interests	3,068	3,443		1,684	1,733	
	34,339	33,070		16,736	21,021	
Net diluted earnings per share attributed to company's shareholders	1.18	1.13		0.57	0.74	
Net diluted earnings per share, before non-core items, net of tax, attributable to Company's shareholders	1.18	1.22	(3%)	0.57	0.74	(23%)

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the 6-month and 3-month periods ending June 30, 2025

	Six months ended June 30		Three months ended June 30	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
	Thousands of Dollars		Thousands of Dollars	
Cash flows from operating activities:				
Net income for the period	34,339	33,070	16,736	21,021
Adjustments required to present cash flows from operating activities	46,102	77,017	26,354	33,680
Interest paid in cash	(15,758)	(14,519)	(6,797)	(5,997)
Interest received in cash	841	2,265	402	1,031
Income taxes paid in cash, net	(21,451)	(21,574)	(11,058)	(9,050)
Net cash generated from operating activities	44,073	76,259	25,637	40,685
Cash flows from investment activities:				
Acquisition of property, plant including under construction	(55,177)	(35,889)	(34,542)	(23,594)
Acquisition of intangible assets	(10,354)	(21,424)	(5,034)	(4,060)
Proceeds from sale of property, plant and equipment	4,152	248	2,428	28
Others	(132)	1,678	275	1,262
Net cash used in Investing activities	(61,511)	(55,387)	(36,873)	(26,364)
Cash flows from financing activities:				
Dividend paid to non-controlling interests in subsidiary	(2,514)	(2,699)	(835)	(899)
Payment of long-term payable in connection with acquisition of property, plant and equipment under construction	(2,412)	(2,812)	(1,209)	(1,406)
Principal elements of lease payments	(26,982)	(24,721)	(12,596)	(12,634)
Dividend paid	(18,020)	(17,001)	(7,997)	(7,980)
Receipt of long-term bank loans	967	2,159	-	1,616
Repayment of long-term bank loans	(9,664)	(7,961)	(2,230)	(1,807)
Short-term credit from banking corporations, net	36,877	27,343	27,414	(9,939)
Others	(255)	-	(23)	(1,734)
Net cash generated from (used in) financing activities	(22,003)	(25,692)	2,524	(34,783)
Net decrease in cash and cash equivalents	(39,441)	(4,820)	(8,712)	(20,462)
Effects of exchange rate changes on cash and cash equivalents	7,624	(5,351)	7,216	(2,615)
Balance of cash and cash equivalents at the beginning of the period	120,509	174,463	90,188	187,369
Balance of cash and cash equivalents at the end of the Period	88,692	164,292	88,692	164,292

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the 6-month and 3-month periods ending June 30, 2025

	Six months ended June 30		Three months ended June 30	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
	Thousands of Dollars		Thousands of Dollars	
Reconciliations required to present cash flows generated by operating activities:				
Adjustments in respect of:				
Depreciation	16,848	15,945	8,585	7,614
Amortization	34,725	33,968	17,913	16,358
Exchange rate (gains) losses	(908)	524	(745)	114
Interest in respect of bonds and loans	8,885	8,848	3,262	3,050
Interest received in cash	(841)	(2,265)	(402)	(1,031)
Taxes on income paid in cash, net	21,451	21,574	11,058	9,050
Deferred taxes on income, net	(6,941)	(6,138)	(5,240)	(1,593)
Interest expenses recognized in respect of lease agreements	6,873	5,671	3,535	2,947
Retirement benefit obligation, net	(487)	192	27	5
Change in realignment provision	(4,636)	(523)	(3,797)	(512)
Gain from disposal of property, plant and equipment	(1,505)	(90)	(1,028)	(14)
Share-based payments expenses	1,163	749	749	348
Share in profits (loss) of investee accounted for using the equity method	156	(20)	9	40
Others	3,441	(1,240)	3,170	1
	78,224	77,195	37,096	36,377
Changes to operating assets and liabilities:				
Decrease (increase) in trade receivables	92,130	22,089	28,367	(11,391)
Decrease (Increase) in other receivable	(1,418)	(4,158)	470	(2,381)
Increase (decrease) in trade payables	(40,928)	61,440	(34,324)	25,980
Increase (decrease) in other payables	(15,936)	(16,139)	7,887	12,191
Increase in inventory	(65,970)	(63,410)	(13,142)	(27,096)
	(32,122)	(178)	(10,742)	(2,697)
	46,102	77,017	26,354	33,680