

## **Delta Galil Reports Third Quarter 2025 Results**

***Third Quarter Sales Increased 3% Year-Over-Year to \$539.0 Million***

***Record Third Quarter Direct-To-Consumer Sales, Increased 19% Year-Over-Year***

***Record Third Quarter Gross Margin of 43.3%***

***Dividend Declared of \$8.0 Million for the Third Quarter 2025***

Caesarea, Israel—November 19, 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 third quarter ended September 30, 2025.

- Third quarter sales increased 3% to \$539.0 million, compared to \$524.2 million in the third quarter of last year
- Own-web sales (excluding Bare Necessities) increased 20%, representing the 11<sup>th</sup> consecutive quarter of double-digit growth
- Gross profit in the third quarter increased 7% to a third quarter record of \$233.2 million, compared to \$218.3 million for the third quarter last year
- Third quarter EBIT excluding non-core items was \$51.2 million, compared to \$52.3 million for the third quarter last year
- Declares a \$8.0 million dividend for the third quarter of 2025

Isaac Dabah, CEO of Delta Galil, stated, “Our third quarter results highlight the strength and resilience of the Company. Despite a challenging macro-economic environment, including tariff-related cost pressures, we increased sales year-over-year and expanded gross margin to a third quarter record of 43.3%. Our direct-to-consumer business continued to gain strong momentum with 19% sales growth, benefitting gross margin and reinforcing the strength of our brands and our digital strategy.”

“During the third quarter, we continued to make strategic investments in our factories and distribution centers to improve efficiencies, while simultaneously expanding our retail locations in Germany and Israel. We believe these initiatives position us to accelerate profitable growth. Looking forward towards 2026, we remain focused on innovation, operational excellence, and strategic capital investment, which we believe will deliver sustained value for our customers, partners, and shareholders,” concluded Mr. Dabah.

## **Sales**

Third quarter sales increased 3% to \$539.0 million, compared to \$524.2 million in the third quarter of 2024, despite tariff headwinds. Sales for the nine-month period of 2025 were \$1,507.8 million, a 4% increase from \$1,446.4 million in the prior year period.

DTC sales of the Company's owned brands increased 19% and 15% in the third quarter and the nine-month period of 2025, respectively, compared to the same periods last year.

## **Gross Margin**

Gross profit in the third quarter grew 7% to a record of \$233.2 million compared to \$218.3 million in the third quarter of 2024. Gross profit in the nine-month period of 2025 grew 5% to \$637.1 million compared to \$606.2 million in the prior-year period.

Gross margin in the third quarter of 2025 increased by 170-basis points to a third quarter record of 43.3%, compared to 41.6% in the third quarter of 2024. The year-over-year increase in the third quarter gross margin was due primarily to higher portion of DTC sales, continued improved efficiency of our factories and positive exchange rates, partially offset by the U.S. tariff impact. Gross margin in the nine-month period of 2025 was 42.3%, up 40-basis points compared to 41.9% in the prior year period.

## **EBIT**

EBIT excluding non-core items in the third quarter of 2025 was \$51.2 million, compared to \$52.3 million in the prior year. EBIT in the third quarter of 2025 was \$49.6 million, compared to \$52.3 million, in the third quarter last year.

EBIT excluding non-core items was \$114.9 million, or 7.6% of sales, compared to \$119.4 million, or 8.3% of sales, in the prior year period. EBIT in the nine-month period of 2025 was \$113.3 million, compared to \$116.1 million in the same period last year.

The year-over-year decrease in EBIT for the third quarter and the first nine months of 2025 was primarily due to higher SG&A expenses due to negative exchange rate impact, the expansion of DTC operations, additional costs associated with the Passionata brand that was acquired last year as well as higher IT costs mainly due to the implementation of SAP, mostly offset by higher gross margin, as stated above.

### **Non-Core Items**

For the third quarter and nine-month period of 2025, the Company recorded \$1.7 million non-core items related to acquisition costs. For the nine-month period of 2024, items associated with the Company's previously disclosed realignment plan for Bare Necessities were \$3.4 million,

### **Net Income**

Net income excluding non-core items, net of tax, increased 2% to \$32.8 million, compared to \$32.0 million in the third quarter of 2024. Net income in the third quarter of 2025 was \$31.4 million, compared to \$32.0 million in the same period last year.

Net income excluding non-core items, net of tax, remained at the same level and amounted to \$67.2 million, compared to \$67.6 million in the nine-month period of 2024, despite the tariff impact. Net income in the nine-month period of 2025 was \$65.7 million, compared to \$65.1 million in the nine-month period last year.

### **Diluted Earnings Per Share**

Diluted earnings per share, excluding non-core items, net of tax, were \$1.15, compared to \$1.16 in 2024. Diluted earnings per share in the third quarter of 2025 was \$1.10, compared to \$1.16 in the third quarter last year.

Diluted earnings per share, excluding non-core items, net of tax, were \$2.33, compared to \$2.39 in 2024. Diluted earnings per share in the nine-month period of 2025 were \$2.28, compared to \$2.29 in the same period last year.

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

EBITDA, excluding IFRS 16, in the third quarter of 2025 was \$59.6 million, compared to \$60.5 million in the third quarter of 2024. In the nine-month period of 2025, EBITDA excluding IFRS 16 impact was \$139.2, compared to \$144.7 million in the nine-months of 2024.

Cash flow generated from operating activities, excluding IFRS 16, was \$25.2 million, compared to \$37.2 million in the third quarter of 2024. Cash flow generated from operating activities, excluding IFRS 16, was \$42.3 million in the nine months of 2025, compared to \$88.8 million in the nine months of 2024. The year-over-year reduction in operating cash flow was primarily attributable to increase in working capital level to support expected sales growth in the remainder of the year.

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

Equity on September 30, 2025, was \$880.7 million, compared to \$797.8 million on September 30, 2024.

Delta Galil declared a dividend of \$8.0 million, or \$0.3065 per share, which will be distributed on December 3, 2025, with a record and “ex-dividend” date of November 26, 2025.

## **2025 Financial Guidance**

Following recent legislation that went into effect at the end of August 2025 suspending the "de minimis" exemption for shipments imported into the U.S. with a value lower than \$800, the Company estimates that the legislation will increase the duty impact by approximately \$3 million compared to the previous estimate. As a result, the Company estimates the suspension of the "de minimis" exemption and previously announce tariffs will reduce operating profit in 2025 by an estimated amount of approximately \$25 million. Despite the aforementioned change, the Company re-affirms its guidance for 2025 as provided in the 2025 second quarter report, based on market conditions and current tax and duty rates, excluding the impact of non-core items, in millions of dollars:

	Full Year 2025 Guidance (in millions, except per share amount)	Full Year 2024 (in millions, except per share amount)
Sales	\$2,110 - 2,135	\$2,045.7
EBIT	\$171 - 176	\$184.1
EBITDA	\$275 - 279	\$279.9
Net income	\$97 - 101	\$108.5
Diluted EPS (\$)	\$3.32 - 3.46	\$3.82

## **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 is an innovative international textile and fashion company engaged in the design, development, production and marketing of products that combine comfort, functionality, aesthetics and quality, using advanced technologies and groundbreaking production processes. The company operates in a wide range of categories – Ladies lingerie, men's underwear, loungewear, activewear, sleepwear, shapewear and socks. Company's main markets are the US, Europe and Israel.

Delta Galil's leading customers include Calvin Klein, Nike, Victoria's Secret, Lululemon, Skims, Walmart and others. In addition, the Company holds a wide portfolio of owned brands such as Delta, Schiesser, Eminence, Athena, Splendid, PJ Salvage and under license agreements for leading brands such as adidas, Columbia, Calvin Klein, Tommy Hilfiger and others. The Company also designs, develops, markets and sells jeans and outerwear under the Seven for All Mankind brand.

Delta Galil has an integrated and global production and distribution platform that includes the entire value chain, from the design stage to the delivery of the final product, which allows for operational flexibility, high efficiency and rapid response to market changes.

The Company's CEO and controlling shareholder is Mr. Isaac Dabah, who has extensive experience in the textile and retail worlds around the world.

### **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 September 30, 2025

	September 30		December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	Thousands of US\$		
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	104,058	106,646	120,509
Restricted Cash	1,907	1,511	1,305
Trade receivables	214,002	237,677	271,873
Income taxes receivable	1,229	2,412	1,927
Other accounts receivable	54,628	52,107	56,998
Financial derivative	718	99	160
Inventory	506,178	478,596	400,533
Assets held for sale	2,997	1,773	1,773
<b>Total current assets</b>	<b>885,717</b>	<b>880,821</b>	<b>855,078</b>
<b>Non-current assets:</b>			
Investments accounted using the equity method and long-term receivables	12,644	11,699	12,824
Investment property	2,607	2,614	2,401
Property, plant and equipment, net and assets under construction	344,362	286,441	288,346
Goodwill	142,524	146,023	138,033
Intangible assets, net of accumulated amortization	297,277	299,299	294,899
Right of use assets	290,449	244,236	257,629
Deferred tax assets	35,668	33,533	30,537
Financial derivative	1,985	233	511
<b>Total non-current assets</b>	<b>1,127,516</b>	<b>1,024,078</b>	<b>1,025,180</b>
<b>Total assets</b>	<b>2,013,233</b>	<b>1,904,899</b>	<b>1,880,258</b>

# DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets

As of September 30, 2025

	September 30		December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	Thousands of US\$		
Liabilities and Equity			
Current liabilities:			
Short-term bank loans	45,301	6,801	2,335
Current maturities of long term bank loans	22,763	21,336	20,939
Current maturities of bonds	31,369	29,630	29,476
Financial derivative	-	1,506	1,314
Current maturities of leases liabilities	69,820	55,224	53,663
Trade payables	221,005	284,384	237,371
Income taxes payable	18,014	27,546	23,805
Provision for realignment plan	3,149	2,863	8,142
Others payables	195,995	161,774	194,900
Total current liabilities	607,416	591,064	571,945
Non-current liabilities:			
Bank loans	144,844	126,643	124,163
Post-employment benefits obligation, net	5,755	5,619	5,810
Lease Liability	248,034	212,045	225,802
Other non-current liabilities	38,603	54,055	49,105
Bonds	51,904	78,933	64,712
Deferred taxes liabilities	35,963	36,022	33,394
Financial derivative	-	2,671	1,765
Total non-current liabilities	525,103	515,988	504,751
Total liabilities	1,132,519	1,107,052	1,076,696
Equity:			
Equity attributable to company's shareholders:			
Share capital	23,714	23,714	23,714
Share premium	123,606	124,795	124,025
Other capital reserves	53,074	30,290	15,590
Retained earning	661,151	608,303	625,912
Treasury shares	(9,272)	(10,602)	(9,832)
	852,273	776,500	779,409
Non-controlling interests	28,441	21,347	24,153
Total equity	880,714	797,847	803,562
Total liabilities and equity	2,013,233	1,904,899	1,880,258



# DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Statement of Income  
For the 9-month and 3-month periods ending September 30, 2025

	Nine months ending September 30		Increase/ (Decrease)	Three months ending September 30		Increase/ (Decrease)
	2025	2024	%	2025	2024	%
	(Unaudited)			(Unaudited)		
	Thousands of US\$			Thousands of US\$		
	Excluding Earning Per Share data			Excluding Earning Per Share data		
<b>Sales</b>	<b>1,507,773</b>	1,446,439	4%	<b>538,979</b>	524,234	3%
Cost of sales	<b>870,650</b>	840,275		<b>305,768</b>	305,959	
<b>Gross profit</b>	<b>637,123</b>	606,164	5%	<b>233,211</b>	218,275	7%
% of sales	<b>42.3%</b>	41.9%		<b>43.3%</b>	41.6%	
Selling and marketing expenses	<b>443,140</b>	411,477	8%	<b>156,408</b>	142,268	10%
% of sales	<b>29.4%</b>	28.4%		<b>29.0%</b>	27.1%	
General and administrative expenses	<b>79,490</b>	75,629	5%	<b>26,316</b>	24,078	9%
% of sales	<b>5.3%</b>	5.2%		<b>4.9%</b>	4.6%	
Other expenses (income), net and Share in losses (profits) of investees, accounted using the equity method	<b>(433)</b>	(355)		<b>(731)</b>	(328)	
<b>Operating income excluding non-core items</b>	<b>114,926</b>	119,413	(4%)	<b>51,218</b>	52,257	(2%)
% of sales	<b>7.6%</b>	8.3%		<b>9.5%</b>	10.0%	
Non-core items	<b>1,650</b>	3,360		<b>1,650</b>	-	
<b>Operating income</b>	<b>113,276</b>	116,053	(2%)	<b>49,568</b>	52,257	(5%)
Financing expenses, net	<b>26,933</b>	31,535	(15%)	<b>7,888</b>	9,699	(19%)
<b>Income before tax on income</b>	<b>86,343</b>	84,518		<b>41,680</b>	42,558	
Income taxes expenses	<b>20,595</b>	19,403		<b>10,271</b>	10,513	
<b>Net income for the period</b>	<b>65,748</b>	65,115	1%	<b>31,409</b>	32,045	(2%)
<b>Net income for the period excluding non-core items, net of tax</b>	<b>67,150</b>	67,552	(1%)	<b>32,811</b>	32,045	2%
<b>Attribution of net earnings for the period:</b>						
<b>Attributed to Company's shareholders</b>	<b>60,318</b>	60,151		<b>29,047</b>	30,524	
<b>Attributed to non-controlling interests</b>	<b>5,430</b>	4,964		<b>2,362</b>	1,521	
	<b>65,748</b>	65,115		<b>31,409</b>	32,045	
<b>Net diluted earnings per share attributed to company's shareholders</b>	<b>2.28</b>	2.29	(0%)	<b>1.10</b>	1.16	(5%)
<b>Net diluted earnings per share, before non-core items, net of tax, attributable to Company's shareholders</b>	<b>2.33</b>	2.39	(3%)	<b>1.15</b>	1.16	(1%)

# DELTA GALIL INDUSTRIES LTD.

## Concise Consolidated Cash Flow Reports

For the 9-month and 3-month periods ending September 30, 2025

	Nine months ending September 30		Three months ending September 30	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
	Thousands of US\$		Thousands of US\$	
<b>Cash flows from operating activities:</b>				
Net income for the period	65,748	65,115	31,409	32,045
Adjustments required to present cash flows from operating activities	73,128	116,331	27,026	39,314
Interest paid in cash	(25,216)	(24,891)	(9,458)	(10,372)
Interest received in cash	1,253	3,134	412	869
Income taxes paid in cash, net	(30,372)	(34,104)	(8,921)	(12,530)
<b>Net cash generated from operating activities</b>	<b>84,541</b>	<b>125,585</b>	<b>40,468</b>	<b>49,326</b>
<b>Cash flows from investment activities:</b>				
Acquisition of property, plant and equipment and assets under construction	(67,744)	(61,195)	(12,567)	(25,306)
Acquisition of intangible assets	(17,324)	(26,761)	(6,970)	(5,337)
Proceeds from sale of property plant and equipment	6,344	392	2,192	144
Others	(538)	2,235	(406)	557
<b>Net cash used in Investing activities</b>	<b>(79,262)</b>	<b>(85,329)</b>	<b>(17,751)</b>	<b>(29,942)</b>
<b>Cash flows from financing activities:</b>				
Dividend paid to non-controlling interests in subsidiary	(3,387)	(13,644)	(873)	(10,945)
Payment of long-term payable in connection with acquisition of property, plant and equipment under construction	(3,400)	(3,993)	(988)	(1,181)
Principal elements of lease payments	(42,213)	(36,834)	(15,231)	(12,113)
Repayment of Bonds	(15,940)	(15,940)	(15,940)	(15,940)
Dividend paid	(26,015)	(24,933)	(7,995)	(7,932)
Receipt of long-term bank loans	38,561	4,990	37,594	2,831
Repayment of long-term bank loans	(19,529)	(22,228)	(9,865)	(14,267)
Short-term credit from banking corporations, net	42,457	5,831	5,580	(21,512)
Others	(919)	(60)	(664)	(60)
<b>Net cash used in financing activities</b>	<b>(30,385)</b>	<b>(106,811)</b>	<b>(8,382)</b>	<b>(81,119)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(25,106)</b>	<b>(66,555)</b>	<b>14,335</b>	<b>(61,735)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>8,655</b>	<b>(1,262)</b>	<b>1,031</b>	<b>4,089</b>
<b>Balance of cash and cash equivalents at the beginning of the period, net</b>	<b>120,509</b>	<b>174,463</b>	<b>88,692</b>	<b>164,292</b>
<b>Balance of cash and cash equivalents at the end of the Period, net</b>	<b>104,058</b>	<b>106,646</b>	<b>104,058</b>	<b>106,646</b>

# DELTA GALIL INDUSTRIES LTD.

## Concise Consolidated Cash Flow Reports

For the 9-month and 3-month periods ending September 30, 2025

	Nine months ending September 30		Three months ending September 30	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
	Thousands of US\$		Thousands of US\$	
<b>Reconciliations required to present cash flows generated by operating activities:</b>				
Adjustments in respect of:				
Depreciation	25,551	23,968	8,703	8,023
Amortization	53,153	50,010	18,428	16,042
Exchange rate (gains) losses	(706)	281	202	(243)
Interest in respect of bonds and loans	14,630	16,171	5,745	7,323
Interest received in cash	(1,253)	(3,134)	(412)	(869)
Taxes on income paid in cash, net	30,372	34,104	8,921	12,530
Deferred taxes on income, net	(6,156)	(5,745)	785	393
Interest expenses recognized in respect of lease agreements	10,586	8,720	3,713	3,049
Post-employment benefit obligation, net	(465)	251	22	59
Change in realignment provision	(4,993)	(711)	(357)	(188)
Gain from disposal of property, plant and equipment	(1,951)	(105)	(446)	(15)
Share-based payments expenses	1,438	1,543	275	794
Share in profits (losses) of investees, accounted using the equity method	201	(205)	45	(185)
Others	3,768	905	327	2,145
	<u>124,175</u>	<u>126,053</u>	<u>45,951</u>	<u>48,858</u>
Changes to operating assets and liabilities:				
Decrease (increase) in trade receivables	70,988	2,261	(21,142)	(19,828)
Decrease (increase) in other receivable	2,947	(3,215)	4,365	943
Increase (decrease) in trade payables	(33,821)	115,653	7,107	54,213
Increase (decrease) in other payables	(12,984)	(7,587)	2,952	8,552
Increase in inventory	(78,177)	(116,834)	(12,207)	(53,424)
	<u>(51,047)</u>	<u>(9,722)</u>	<u>(18,925)</u>	<u>(9,544)</u>
	<u>73,128</u>	<u>116,331</u>	<u>27,026</u>	<u>39,314</u>