

Delta Galil Reports Record First Quarter 2026 Results

Record First Quarter Sales of \$573.0 Million

Record First Quarter Gross Profit Expanded 18% to \$238.8 Million

Record First Quarter EBIT and EBITDA

Record First Quarter Cash Flow from Operating Activities, Excluding IFRS 16, of \$27.9 Million, Compared to \$4.0 Million in the Same Period Last Year

\$8 Million Dividend Declared for the First Quarter 2026

Company Reaffirms the 2026 Guidance

Caesarea, Israel—May 11, 2026—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 kids, today reported financial results for the first quarter ended March 31, 2026.

- First quarter sales increased across all geographies and business segments by 15% (10% in constant currency) to a first quarter record of \$573.0 million, compared to \$498.7 million in the first quarter of last year
- First quarter gross profit expanded 18% year-over-year to a first quarter record of \$238.8 million
- Record first quarter of EBIT excluding non-core items of \$36.6 million, compared to \$32.7 million in the first quarter of last year
- Strong Balance sheet with \$123.9 million in cash and record shareholders' equity of \$906.8 million at March 31, 2026
- Declares an \$8 million dividend for the first quarter of 2026, compared to \$8 million for the first quarter last year

Isaac Dabah, CEO of Delta Galil, stated, “2026 is off to a strong start, reflecting the strength of Delta Galil’s global platform, the value of our brands, and our team’s ability to execute at a high level in a dynamic environment. We grew our sales across all segments, delivered record first quarter sales, gross profit, EBIT, EBITDA and operating cash flow. These results were driven by higher U.S. sales to our established and growing customer base, expansion of our owned brands due to continued product innovation, and the benefits of our strategic investments in global sourcing, production, and distribution capabilities.”

“I am encouraged by the positive momentum underway across the business, particularly as our investments in innovation, manufacturing flexibility, and customer partnerships continue to translate into measurable results. Our focus remains on executing with discipline, supporting the evolving

needs of our customers and consumers, and leveraging the breadth of our global platform to capture opportunities for profitable growth in 2026 and beyond,” concluded Mr. Dabah.

Sales

First quarter sales increased 15% to a first quarter record of \$573.0 million, compared to \$498.7 million in the first quarter of 2025. Sales in constant currency increased 10% compared to the first quarter last year.

Gross Margin

Gross profit in the first quarter grew 18% to a first quarter record of \$238.8 million compared to \$202.6 million in the first quarter of 2025.

Gross margin in the first quarter of 2026 increased by 110-basis points to 41.7%, compared to 40.6% in the first quarter of 2025. The year-over-year increase in the first quarter gross margin was due primarily to continued improved efficiency of our factories and positive exchange rates.

EBIT

EBIT, excluding non-core items in the first quarter of 2026 was a first quarter record of \$36.6 million, compared to \$32.7 million in the prior year. EBIT in the first quarter of 2026 was a first quarter record of \$35.1 million, compared to \$32.7 million, in the first quarter last year.

The year-over-year increase in EBIT for the first quarter was primarily due to higher sales and ongoing improvement in efficiencies in the Company’s factories partially offset by higher SG&A expenses mainly due to exchange rates, higher logistic costs, and new business investments and expansion.

Non-Core Items

Non-core items in the first quarter of 2026 include changes in fair value of liability with respect to conditioned consideration.

Net Income

Net income excluding non-core items, net of tax, in the first quarter of 2026 remained unchanged compared to the first quarter last year and amounted to \$17.6 million. Net income in the first quarter of 2026 was \$16.4 million, compared to \$17.6 million in the same period last year.

Diluted Earnings Per Share

Diluted earnings per share, excluding non-core items, net of tax, were \$0.63 in the first quarter of 2026, compared to \$0.62 in the first quarter of 2025. Diluted earnings per share in the first quarter of 2026 was \$0.59, compared to \$0.62 in the first quarter last year.

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

EBITDA, excluding IFRS 16, was a first quarter record of \$44.9 million, compared to \$40.5 million in the first quarter of 2025.

Cash flow generated from operating activities, excluding IFRS 16, was a first quarter record of \$27.9 million, compared to \$4.0 million in the first quarter of 2025. The year-over-year increase in operating cash flow was primarily due to reduction in working capital, primarily attributed to lower inventory level and improved customer terms and mix.

Net Debt to EBITDA, excluding IFRS 16, as of March 31, 2026, was 0.9x.

Equity on March 31, 2026, was a record \$906.8 million, compared to \$817.7 million on March 31, 2025.

Delta Galil declared a dividend of \$8 million, or \$0.305 per share, which will be distributed on June 2, 2026, with a record and “ex-dividend” date of May 19, 2026.

2026 Financial Guidance

The Company reaffirmed its 2026 guidance, which excludes non-core items, and is based on 1.15 US \$ per 1 Euro, 3.00 NIS per 1 US \$ and current tax and duty rates

| | Full Year 2026 Guidance (in millions, except per share amount) | Full Year 2025 Results (in millions, except per share amount) |
|------------------|---|--|
| Sales | \$2,328 – 2,294 | \$2,118.9 |
| EBIT | \$212 - 204 | \$174.2 |
| EBITDA | \$332 - 324 | \$282.8 |
| Net income | \$123 - 116 | \$102.6 |
| Diluted EPS (\$) | \$4.23 - 4.00 | \$3.55 |

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, global company engaged in the design, development, production and marketing of intimate apparel and activewear. The Company offers products in a wide range of categories – Ladies intimates, men’s underwear, loungewear, activewear, sleepwear, shapewear and socks. The Company's main markets are the U.S., Europe and Israel.

Delta Galil's leading customers include Nike, Victoria's Secret, Lululemon, Skims, Walmart and others. In addition, the Company owns 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 denim under the Seven for All Mankind brand.

Delta Galil has a vertically 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, global experience in the fashion and apparel sector.

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, 2026

| | March 31 | | December 31 |
|--|----------------------|------------------|------------------|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | Thousands of Dollars | | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | 121,716 | 90,188 | 133,973 |
| Restricted Cash | 2,151 | 1,732 | 1,802 |
| Trade receivables | 213,020 | 210,538 | 223,418 |
| Income taxes receivable | 5,315 | 2,805 | 2,569 |
| Other accounts receivable | 62,297 | 58,809 | 64,229 |
| Financial derivative | 1,621 | 8 | 1,390 |
| Inventory | 440,376 | 458,085 | 430,348 |
| Asset held for sale | 2,997 | 1,773 | 2,997 |
| Total current assets | 849,493 | 823,938 | 860,726 |
| Non-current assets: | | | |
| Investments accounted for using the equity method and long-term receivables | 13,024 | 12,825 | 13,150 |
| Investment property | 2,443 | 2,464 | 2,513 |
| Property, plant and equipment, net, including assets under construction | 362,155 | 302,825 | 356,365 |
| Goodwill | 188,022 | 139,411 | 188,877 |
| Brand names | 156,128 | 134,230 | 157,704 |
| Intangible assets, net of accumulated amortization | 178,844 | 163,228 | 165,186 |
| Right of use assets | 354,561 | 288,825 | 294,733 |
| Deferred tax assets | 36,696 | 31,694 | 36,562 |
| Financial derivative | 3,567 | 170 | 3,202 |
| Total non-current assets | 1,295,440 | 1,075,672 | 1,218,292 |
| Total assets | 2,144,933 | 1,899,610 | 2,079,018 |

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets

As of March 31, 2026

| Liabilities and Equity | March 31 | | December 31 |
|--|----------------------|------------------|------------------|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | Thousands of Dollars | | |
| Current liabilities: | | | |
| Short-term bank loans | 97,998 | 12,014 | 96,437 |
| Current maturities of long term bank loans | 24,543 | 21,567 | 23,759 |
| Current maturities of bonds | 32,062 | 29,471 | 31,625 |
| Financial derivative | - | 1,222 | - |
| Current maturities of leases liabilities | 78,556 | 79,323 | 72,690 |
| Trade payables | 216,845 | 235,619 | 188,055 |
| Income taxes payable | 12,782 | 18,661 | 21,146 |
| Provision for realignment plan | 2,449 | 7,303 | 2,898 |
| Others payables | 188,413 | 173,623 | 207,634 |
| Total current liabilities | 653,648 | 578,803 | 644,244 |
| Non-current liabilities: | | | |
| Bank loans | 132,258 | 118,310 | 141,455 |
| Post-employment benefits obligation, net | 5,980 | 5,418 | 6,081 |
| Lease Liabilities | 307,621 | 230,972 | 253,299 |
| Other non-current liabilities | 64,211 | 48,103 | 54,695 |
| Bonds | 38,092 | 63,291 | 38,274 |
| Deferred taxes liabilities | 36,370 | 34,079 | 37,371 |
| Financial derivative | - | 2,957 | - |
| Total non-current liabilities | 584,532 | 503,130 | 531,175 |
| Total liabilities | 1,238,180 | 1,081,933 | 1,175,419 |
| Equity: | | | |
| Equity attributable to shareholders in the parent company: | | | |
| Share capital | 23,714 | 23,714 | 23,714 |
| Share premium | 123,290 | 123,800 | 123,184 |
| Other capital reserves | 53,662 | 23,651 | 56,352 |
| Retained earning | 684,096 | 632,409 | 678,210 |
| Treasury shares | (7,864) | (9,464) | (8,848) |
| | 876,898 | 794,110 | 872,612 |
| Non-controlling interests | 29,855 | 23,567 | 30,987 |
| Total equity | 906,753 | 817,677 | 903,599 |
| Total liabilities and equity | 2,144,933 | 1,899,610 | 2,079,018 |

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Statement of Income
For the three-month period ending March 31, 2026

| | Three months ended March 31 | | % Increase/(Decrease) |
|--|-----------------------------------|---------|--------------------------|
| | 2026 | 2025 | |
| | (Unaudited) | | |
| | Thousands of Dollars | | |
| | Except for Earning Per Share data | | |
| Sales | 572,973 | 498,670 | 15% |
| Cost of sales | 334,213 | 296,082 | |
| Gross profit | 238,760 | 202,588 | 18% |
| % of sales | 41.7% | 40.6% | |
| Selling and marketing expenses | 170,572 | 142,346 | 20% |
| % of sales | 29.8% | 28.5% | |
| General and administrative expenses | 31,826 | 28,048 | 13% |
| % of sales | 5.6% | 5.6% | |
| Other income, net and Share in profits of investees accounted for using the equity method | (244) | (486) | |
| Operating income excluding non-core items | 36,606 | 32,680 | 12% |
| % of sales | 6.4% | 6.6% | |
| Non-core items | 1,479 | - | |
| Operating income | 35,127 | 32,680 | 7% |
| Financing expenses, net | 13,075 | 9,597 | 36% |
| Income before tax on income | 22,052 | 23,083 | |
| Income taxes expenses | 5,652 | 5,480 | |
| Net income for the period | 16,400 | 17,603 | (7%) |
| Net income for the period excluding non-core items, net of tax | 17,635 | 17,603 | 0% |
| | | | |
| Attribution of net earnings for the period: | | | |
| Attributed to Company's shareholders | 15,394 | 16,219 | |
| Attributed to non-controlling interests | 1,006 | 1,384 | |
| | 16,400 | 17,603 | |
| | | | |
| Net diluted earnings per share attributed to company's shareholders | 0.59 | 0.62 | (5%) |
| Net diluted earnings per share, before non-core items, net of tax, attributable to Company's shareholders | 0.63 | 0.62 | 2% |

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the three-month period ending March 31, 2026

| | Three months ended March 31 | |
|---|--------------------------------|-----------------|
| | 2026 | 2025 |
| | (Unaudited) | |
| | Thousands of Dollars | |
| Cash flows from operating activities: | | |
| Net income for the period | 16,400 | 17,603 |
| Adjustments required to present cash flows from operating activities | 54,809 | 19,748 |
| Interest paid in cash | (10,595) | (8,961) |
| Interest received in cash | 635 | 439 |
| Income taxes paid in cash, net | (16,964) | (10,393) |
| Net cash generated from operating activities | 44,285 | 18,436 |
| Cash flows from investment activities: | | |
| Acquisition of property, plant and equipment including assets under construction | (12,577) | (20,635) |
| Acquisition of intangible assets | (7,120) | (5,320) |
| Proceeds from sale of property, plant and equipment | 23 | 1,724 |
| Others | (359) | (407) |
| Net cash used in Investing activities | (20,033) | (24,638) |
| Cash flows from financing activities: | | |
| Dividend paid to non-controlling interests in subsidiary | (2,734) | (1,679) |
| Payment of long-term payable in connection with acquisition of property, plant and equipment under construction | (1,961) | (1,203) |
| Principal elements of lease payments | (16,375) | (14,386) |
| Dividend paid | (10,022) | (10,023) |
| Receipt of long-term bank loans | - | 967 |
| Repayment of long-term bank loans | (7,844) | (7,434) |
| Short-term credit from banking corporations, net | 1,630 | 9,463 |
| Others | 1,001 | (232) |
| Net cash used in financing activities | (36,305) | (24,527) |
| Net decrease in cash and cash equivalents | (12,053) | (30,729) |
| Effects of exchange rate changes on cash and cash equivalents | (204) | 408 |
| Balance of cash and cash equivalents at the beginning of the period | 133,973 | 120,509 |
| Balance of cash and cash equivalents at the end of the Period | 121,716 | 90,188 |

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports
For the three-month period ending March 31, 2026

| | Three months ended March 31 | |
|--|-----------------------------|-----------------|
| | 2026 | 2025 |
| | (Unaudited) | |
| | Thousands of Dollars | |
| Reconciliations required to present cash flows generated by operating activities: | | |
| Adjustments in respect of: | | |
| Depreciation | 9,017 | 8,263 |
| Amortization | 20,536 | 16,812 |
| Interest in respect of bonds and loans | 6,301 | 5,623 |
| Interest received in cash | (635) | (439) |
| Taxes on income paid in cash, net | 16,964 | 10,393 |
| Deferred taxes on income, net | (412) | (1,701) |
| Interest expenses recognized in respect of lease agreements | 4,294 | 3,338 |
| Retirement benefit obligation, net | (26) | (514) |
| Change in realignment provision | (449) | (839) |
| Change in fair value of liability due to contingent consideration | 1,479 | 24 |
| Loss (Gain) from disposal of property, plant and equipment | 4 | (477) |
| Share-based payments expenses | 609 | 414 |
| Share in profits of investee accounted for using the equity method | 50 | 147 |
| Others | (2,098) | 84 |
| | <u>55,634</u> | <u>41,128</u> |
| Changes to operating assets and liabilities: | | |
| Decrease in trade receivables | 7,797 | 63,763 |
| Increase in other receivable | (1,129) | (1,888) |
| Increase (decrease) in trade payables | 32,718 | (6,604) |
| Decrease in other payables | (27,948) | (23,823) |
| Increase in inventory | (12,263) | (52,828) |
| | <u>(825)</u> | <u>(21,380)</u> |
| | <u>54,809</u> | <u>19,748</u> |