Delta Galil Reports Record Second Quarter 2026 Results

Record Second Quarter Sales of $511.6 Million and Double-Digit Year-over-Year Growth in Profitability, Reflect Strong Business Momentum

Record Second Quarter Cash Flow from Operating Activities, Excluding IFRS 16, of $56.8 Million, Compared to $13.0 Million in the Same Period Last Year

Net Debt / EBITDA Improved to 0.7x from 0.9x at March 31, 2026 due to $29.3 million Debt Reduction

$8 Million Dividend Declared for the Second Quarter 2026

Company Reaffirms the 2026 Guidance

Caesarea, Israel—August 4, 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 second quarter ended June 30, 2026.

- Sales increased 9% (5% in constant currency) to a second quarter record of $511.6 million, compared to $470.1 million in the prior year period.

- Gross profit, inclusive of tariff refunds, expanded 26% year-over-year to a second quarter record of $253.2 million. Excluding tariff impact, gross profit increased 17% compared to the second quarter last year.

- EBIT excluding non-core items and inclusive of tariff refund, of $54.6 million, compared to $31.0 million in the prior year period. Excluding tariff impact and non-core items EBIT increased 22% compared to the second quarter last year.

- Strong operating cash flow, excluding IFRS 16 and inclusive of a $33 million tariff refund, was $56.8 million, compared to $13 million in the second quarter of 2025

- During the second quarter of 2026, the Company received a cash refund of $33 million related to prior U.S. tariffs and intends to re-invest a portion of it into new strategic incremental growth initiatives, including investments to expand the Company's manufacturing and supply chain capabilities.

- The impact of the IEEPA tariff refund on the second quarter of 2026 includes a $16.8 million increase to gross profit and EBIT, and a $13.2 million benefit to net income, or $0.50 per diluted share.

- Strong balance sheet with $122.9 million in cash and record shareholders' equity of $938.3 million at June 30, 2026.

- Declares an $8 million dividend for the second quarter of 2026, compared to $8 million for the second quarter last year.

Isaac Dabah, CEO of Delta Galil, stated, "We delivered an outstanding second quarter that meaningfully strengthened the momentum established in the first quarter and demonstrated broad-based progress across our business. Excluding the benefits of an IEEPA tariff refund, we achieved record second-quarter sales and an all-time record gross margin of 45.2%, as well as double-digit growth in all other profitability indicators. We expect to use a portion of the proceeds from the tariff refund to invest strategically in our manufacturing, supply chain and overall structure to support our future growth and profitability."

"Second quarter and year-to-date results demonstrate that our growth initiatives are translating into stronger revenue, expanding profitability and increased cash generation. While the tariff refund provided an additional benefit to our reported results and cash flow, the strength of our underlying performance reflects the continued execution of our strategy and the investments we have made in product innovation, owned brands, manufacturing flexibility, global sourcing, and distribution capabilities. With positive momentum across the business and net debt lower than a year ago, we believe Delta Galil is increasingly well positioned to deliver sustained profitable growth through the balance of 2026 and beyond," concluded Mr. Dabah.

Sales

Second quarter sales increased 9% to $511.6 million, compared to $470.1 million in the second quarter of 2025. Sales in constant currency increased 5%, compared to the second quarter last year. First half sales were $1,084.6 million, a 12% increase from $968.8 million in the prior-year period.

Gross Margin

Gross profit in the second quarter grew 26% to $253.2 million, compared to $201.3 million in the second quarter of 2025. Gross profit in the first half of 2026 was $491.9 million, compared to $403.9 million in the prior-year period.

Gross margin in the second quarter of 2026 increased by 670-basis points to 49.5%, compared to 42.8% in the second quarter of 2025. Gross margin in the first half of 2026 was 45.4%, compared to 41.7% in the first half of 2025.

Both second quarter and first half of 2026 gross profit included a $16.8 million benefit from the tariff refund. Excluding the tariff refund, gross margin in the second quarter and first half reached 45.2% and 43.4% of sales, respectively.

The year-over-year increase in gross margin was due primarily to continued improved efficiency of the Company's factories, positive exchange rates, higher proportion of Delta Israel activity from total sales which is characterized by higher gross margin than average and the benefit of the tariff refund.

EBIT

EBIT, excluding non-core items in the second quarter of 2026 increased 76% to $54.6 million, compared to $31.0 million in the prior year. EBIT in the second quarter of 2026 increased 70% to $52.7 million, compared to $31.0 million, in the second quarter last year.

The year-over-year increase in EBIT for the second quarter was primarily due to higher organic and non-organic sales, and continued improved efficiency of the Company's factories, partially offset by higher SG&A expenses mainly due to exchange rates and business expansion.

EBIT, excluding non-core items in the first half of 2026 increased 43% to $91.2 million, compared to $63.7 million, in the same period last year. EBIT in the first half of 2026 increased 38% to $87.8 million, compared to $63.7 million, in the same period last year.

Both second quarter and first half of 2026 EBIT included a $16.8 million benefit from tariff refund. Excluding tariff refund and non-core items, EBIT in the second quarter and first half increased by 22% and 17%, respectively.

Non-Core Items

For the second quarter and the first half of 2026 the Company recorded non-core expenses of $1.9 and $3.4 million, respectively, for changes in fair value of liability with respect to conditioned consideration. For the second quarter and first half of 2025, the Company recorded no non-core expenses.

Net Income

Net income excluding non-core items, net of tax, in the second quarter of 2026 increased 106% to $34.4 million, compared to $16.7 million in the same period last year. Net income in the second quarter of 2026 increased 96% to $32.8, compared to $16.7 million in the same period last year.

Net income excluding non-core items, net of tax, in the first half of 2026 increased 52% to $52.0, compared to $34.3 million in the same period last year. Net income in the first half of 2026 increased 43% to $49.2, compared to $34.3 million in the same period last year.
Both second quarter and first half of 2026 net income included a $13.1 million benefit from tariff refund. Excluding tariff refund and non-core items, net income in the second quarter and first half increased by 27% and 13%, respectively.

Diluted Earnings Per Share

Diluted earnings per share, excluding non-core items, net of tax, in the second quarter of 2026 was $1.21, compared to $0.57 in the same period last year. Diluted earnings per share in the second quarter of 2026 were $1.15, compared to $0.57 in the same period last year.

Diluted earnings per share, excluding non-core items, net of tax, in the first half of 2026 was $1.84, compared to $1.18 in the same period last year. Diluted earnings per share in the first half of 2026 was $1.73, compared to $1.18 in the same period last year.

Diluted earnings per share, excluding tariff refund and non-core items, net of tax, in the second quarter and first half of 2026 increased 25% and 14% to $0.71 and $1.34, respectively, compared to $0.57 and $1.18 in the same periods last year.

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

EBITDA, excluding IFRS 16, was $62.7 million, compared to $39.1 million in the second quarter of 2025. In the first half of 2026, EBITDA excluding IFRS 16 impact was $107.5, compared to $79.6 million in the first half of 2025. EBITDA excluding IFRS 16 and tariff refund in the second quarter and the first half of 2026, increased by 17% and 14%, respectively and reached $45.9 million and $90.7 million.

Cash flow generated from operating activities, excluding IFRS 16, was $56.8 million, compared to $13.0 million in the second quarter of 2025. Cash flow generated from operating activities, excluding IFRS 16, was $84.7 million in the first half of 2026, compared to $17.1 million in the first half of 2025. The year-over-year increase in operating cash flow was primarily due to improved profitability, a $33 million tariff refund, and reduced working capital, mainly associated with changes in accounts receivables and inventory.

Net Debt to EBITDA, excluding IFRS 16, as of June 30, 2026, was 0.7x, compared to 0.9x at June 30, 2025.

Equity on June 30, 2026, was a record $938.3 million, compared to $852.0 million on June 30, 2025.

Delta Galil declared a dividend of $8 million, or $0305 per share, which will be distributed on August 19, 2026, with a record and "ex-dividend" date of August 12, 2026.

2026 Financial Guidance

The Company reaffirmed its 2026 guidance, which excludes non-core items and tariff refund, 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 June 30, 2026

	June 30		December 31
	2026	205	2025
	(Unaudited)		(Audited)
	Thousands of Dollars		
Assets			
Current assets:			
Cash and cash equivalents	**121,532**	88,692	133,973
Restricted Cash	**1,418**	1,501	1,802
Trade receivables	**187,712**	191,776	223,418
Income taxes receivable	**7,018**	1,080	2,569
Other accounts receivable	**60,343**	59,196	64,229
Financial derivative	**2,288**	505	1,390
Inventory	**458,076**	491,803	430,348
Assets held for sale	**2,997**	4,770	2,997
Total current assets	**841,384**	839,323	860,726
Non-current assets:			
Investments accounted for using the equity method and long-term receivables	**16,369**	12,827	13,150
Investment property	**2,375**	2,640	2,513
Property, plant and equipment, net, including assets under construction	**368,073**	335,502	356,365
Goodwill	**187,719**	142,494	188,877
Brand names	**155,465**	138,730	157,704
Intangible assets, net of accumulated amortization	**189,838**	163,069	165,186
Right of use assets	**356,494**	292,170	294,733
Deferred tax assets	**36,755**	35,637	36,562
Financial derivative	**5,002**	1,956	3,202
Total non-current assets	**1,318,090**	1,125,025	1,218,292
Total assets	**2,159,474**	1,964,348	2,079,018

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets

As of June 30, 2026

	June 30		December 31
	2026	**2025**	**2025**
	(Unaudited)		(Audited)
	Thousands of Dollars		
Liabilities and Equity			
Current liabilities:			
Short-term bank loans	**68,759**	39,711	96,437
Current maturities of long term bank loans	**25,474**	22,325	23,759
Current maturities of bonds	**33,471**	31,289	31,625
Financial derivative	**-**	228	-
Current maturities of leases liabilities	**79,649**	68,730	72,690
Trade payables	**204,631**	213,580	188,055
Income taxes payable	**16,299**	14,993	21,146
Provision for realignment plan	**1,806**	3,506	2,898
Others payables	**206,877**	197,520	207,634
Total current liabilities	**636,966**	591,882	644,244
Non-current liabilities:			
Bank loans	**128,762**	118,140	141,455
Post-employment benefits obligation, net	**5,880**	5,729	6,081
Lease Liability	**310,684**	249,916	253,299
Other non-current liabilities	**63,151**	43,783	54,695
Bonds	**39,947**	67,661	38,274
Deferred taxes liabilities	**35,739**	35,191	37,371
Total non-current liabilities	**584,163**	520,420	531,175
Total liabilities	**1,221,129**	1,112,302	1,175,419
Equity:			
Equity attributable to company's shareholders:			
Share capital	**23,714**	23,714	23,714
Share premium	**123,228**	123,720	123,184
Other capital reserves	**58,859**	47,997	56,352
Retained earnings	**706,650**	639,992	678,210
Treasury shares	**(7,802)**	(9,384)	(8,848)
	904,649	826,039	872,612
Non-controlling interests	**33,696**	26,007	30,987
Total equity	**938,345**	852,046	903,599
Total liabilities and equity	**2,159,474**	1,964,348	2,079,018

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Statement of Income

For the six-month and three-month periods ending June 30, 2026

	Six months ended June 30		Increase/ (Decrease)	Three months ended June 30		Increase/ (Decrease)
	2026	2025	%	2026	2025	%
	(Unaudited)			(Unaudited)		
	Thousands of Dollars			Dollars Thousands of		
	Excluding Earning Per Share data			Excluding Earning Per Share data		
Sales	**1,084,609**	968,794	12%	**511,636**	470,124	9%
Cost of sales	**592,684**	564,882		**258,471**	268,800	
Gross profit	**491,925**	403,912	22%	**253,165**	201,324	26%
% of sales	**45.4%**	*41.7%*		***49.5%***	*42.8%*	
Selling and marketing expenses	**339,759**	286,732	18%	**169,187**	144,386	17%
% of sales	**31.3%**	*29.6%*		***33.1%***	*30.7%*	
General and administrative expenses	**61,489**	53,174	16%	**29,663**	25,126	18%
% of sales	**5.7%**	*5.5%*		***5.8%***	*5.3%*	
Other income, net and Share in losses (profits) of investees accounted for using the equity method	**(570)**	298		**(326)**	784	
Operating income excluding non-core items	**91,247**	63,708	43%	**54,641**	31,028	76%
% of sales	***8.4%***	*6.6%*		***10.7%***	*6.6%*	
Non-core items	**3,436**	-		**1,957**	-	
Operating income	**87,811**	63,708	38%	**52,684**	31,028	70%
Financing expenses, net	**22,190**	19,045	17%	**9,115**	9,448	(4%)
Income before tax on income	**65,621**	44,663	47%	**43,569**	21,580	102%
Income taxes expenses	**16,461**	10,324	59%	**10,809**	4,844	123%
Net income for the period	**49,160**	34,339	43%	**32,760**	16,736	96%
Net income for the period excluding non-core items, net of tax	**52,029**	34,339	52%	**34,394**	16,736	106%
Attribution of net earnings for the period:						
Attributed to Company's shareholders	**45,579**	31,271		**30,185**	15,052	
Attributed to non-controlling interests	**3,581**	3,068		**2,575**	1,684	
	49,160	34,339		**32,760**	16,736	
Net diluted earnings per share attributed to company's shareholders	**1.73**	1.18		**1.15**	0.57	
Net diluted earnings per share, before non-core items, net of tax, attributable to Company's shareholders	**1.84**	1.18	56%	**1.21**	0.57	112%

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports

For the six-month and three-month periods ending June 30, 2026

	Six months ended June 30		Three months ended June 30	
	2026	2025	2026	2025
	(Unaudited)		(Unaudited)	
	Thousands of Dollars		Thousands of Dollars	
Cash flows from operating activities:				
Net income for the period	**49,160**	34,339	**32,760**	16,736
Adjustments required to present cash flows from operating activities	**111,539**	46,102	**56,730**	26,354
Interest paid in cash	**(18,643)**	(15,758)	**(8,048)**	(6,797)
Interest received in cash	**1,999**	841	**1,364**	402
Income taxes paid in cash, net	**(26,411)**	(21,451)	**(9,447)**	(11,058)
Net cash generated from operating activities	**117,644**	44,073	**73,359**	25,637
Cash flows from investment activities:				
Acquisition of property, plant including under construction	**(22,836)**	(55,177)	**(10,259)**	(34,542)
Acquisition of intangible assets	**(14,305)**	(10,354)	**(7,185)**	(5,034)
Proceeds from sale of property, plant and equipment	**120**	4,152	**97**	2,428
Others	**(2,801)**	(132)	**(2,442)**	275
Net cash used in Investing activities	**(39,822)**	(61,511)	**(19,789)**	(36,873)
Cash flows from financing activities:				
Dividend paid to non-controlling interests in subsidiary	**(3,604)**	(2,514)	**(870)**	(835)
Payment of long-term payables in connection with acquisition of property, plant and equipment under construction	**(3,882)**	(2,412)	**(1,921)**	(1,209)
Principal elements of lease payments	**(32,901)**	(26,982)	**(16,526)**	(12,596)
Dividend paid	**(18,021)**	(18,020)	**(7,999)**	(7,997)
Receipt of long-term bank loans	**-**	967	**-**	-
Repayment of long-term bank loans	**(10,288)**	(9,664)	**(2,444)**	(2,230)
Short-term credit from banking corporations, net	**(27,609)**	36,877	**(29,239)**	27,414
Others	**2,721**	(255)	**1,720**	(23)
Net cash generated from (used in) financing activities	**(93,584)**	(22,003)	**(57,279)**	2,524
Net decrease in cash and cash equivalents	**(15,762)**	(39,441)	**(3,709)**	(8,712)
Effects of exchange rate changes on cash and cash equivalents	**3,321**	7,624	**3,525**	7,216
Balance of cash and cash equivalents at the beginning of the period, net	**133,973**	120,509	**121,716**	90,188
Balance of cash and cash equivalents at the end of the Period, net	**121,532**	88,692	**121,532**	88,692

DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Cash Flow Reports

For the six-month and three-month periods ending June 30, 2026

	Six months ended June 30		Three months ended June 30	
	2026	**2025**	**2026**	**2025**
	(Unaudited)		(Unaudited)	
	Thousands of Dollars		Thousands of Dollars	
Reconciliations required to present cash flows generated by operating activities:				
Adjustments in respect of:				
Depreciation	**17,861**	16,848	**8,844**	8,585
Amortization	**41,471**	34,725	**20,935**	17,913
Interest in respect of bonds and loans	**10,525**	8,885	**4,224**	3,262
Interest received in cash	**(1,999)**	(841)	**(1,364)**	(402)
Taxes on income paid in cash, net	**26,411**	21,451	**9,447**	11,058
Deferred taxes on income, net	**(633)**	(6,941)	**(221)**	(5,240)
Interest expenses recognized in respect of lease agreements	**8,118**	6,873	**3,824**	3,535
Retirement benefit obligation, net	**(103)**	(487)	**(77)**	27
Change in realignment plan provision	**(1,092)**	(4,636)	**(643)**	(3,797)
Change in fair value of liability due to contingent consideration	**3,436**	-	**1,957**	-
Loss (Gain) from disposal of property, plant and equipment	**(78)**	(1,505)	**(82)**	(1,028)
Share-based payments expenses	**1,154**	1,163	**545**	749
Share in profits of investee accounted for using the equity method	**90**	156	**40**	9
Others	**(2,388)**	2,533	**(290)**	2,425
	102,773	78,224	**47,139**	37,096
Changes to operating assets and liabilities:				
Decrease in trade receivables	**33,150**	92,130	**25,353**	28,367
Decrease (Increase) in other receivable	**(966)**	(1,418)	**163**	470
Increase (decrease) in trade payables	**19,253**	(40,928)	**(13,465)**	(34,324)
Increase (decrease) in other payables	**(16,201)**	(15,936)	**11,747**	7,887
Increase in inventory	**(26,470)**	(65,970)	**(14,207)**	(13,142)
	8,766	(32,122)	**9,591**	(10,742)
	111,539	46,102	**56,730**	26,354