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Delta Galil Industries Ltd.

Board of Directors Report on the State of the Corporation's Affairs

As of June 30, 2026

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Board of Directors Report on the State of the Corporation's Affairs

For the period ended June 30, 2026

We are honored to present the Board of Directors' report of Delta Galil Industries Ltd. (hereinafter: the "**Company**" or "**Delta**") referring to the consolidated report of the Company and its subsidiaries in Israel and abroad ("**the Group**") for the second quarter that ended on June 30, 2026, ("**the reporting period**"), in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970. The Board of Directors' report includes a review, in a condensed format, of the matters it deals with and was prepared considering that the reader also has the Company's Periodic report for 2025 which was published by the Company on February 17, 2026 (Ref. No.: 2026-01-015682 "2025 Periodic report" or "Periodic report"), as well as the interim report for the first quarter of 2026 which was published by the Company on May 11, 2026 (Ref. No.: 2026-01-043601).

Concise description of the corporation and its business environment

1.1. General

The Group is engaged in the development, design, manufacture, marketing and sale of underwear products, socks, children's wear, leisure wear and Activewear products. Furthermore, the Group is engaged in the development, design, marketing, distribution and sale of branded products in the categories of jeans, outerwear, cosmetic products, atmosphere and care products, as well as accompanying products.

The Group markets its products in the geographical areas in which it operates via wholesale marketing, through the store chains it owns, and through websites, primarily in the USA, Europe, and Israel.

The Group designs and develops its products primarily in Israel, the USA, Germany, Switzerland, France, China and Hong Kong, and manufactures the products it sells both through subcontracting and in its factories in the Middle East, Europe and the Far East.

The Company's activities are carried out through four operating segments as follows:

Private Label segment - Includes private label activities in all sales markets and includes products in the categories of underwear, leisure and sleepwear, Loungewear, Activewear and socks. Customers of this operating segment include, among others: Victoria's Secret, Skims, Nike, Walmart, Target, Lululemon and others.

Branded segment - Includes the activities of the companies Schiesser and Eminence, the activities of the brands PJ Salvage, Passionata, Daily Drills and Splendid, as well as activities under brands in franchise agreements such as: Polo Ralph Lauren, Calvin Klein, Wolford, adidas, Tommy Hilfiger, Columbia, Florence By Mills and others, in the categories of underwear, leisure wear, Activewear, Loungewear, sleepwear and socks. Customers of this operating segment include leading retail chains such as: Macy's, Nordstrom, Bloomingdale's, Leclerc, Carrefour and Costco, as well as leading Online Retailers like: Amazon, Zalando and others.

Delta Israel segment - This segment, which includes the activities of the subsidiary Delta Israel Brands Ltd., is engaged in the development, design and marketing of branded underwear products for women and men, sleepwear, socks, leisure wear, Activewear, and children's clothing products, primarily under the brands "Delta", "fix" and "Panta Rei". In addition, Delta Israel sells the brands Victoria's Secret and Bath & Body Works for which it received exclusive franchises in Israel, through the Company's dedicated store chains in Israel as well as through dedicated websites; it also began selling Bath & Body Works products in Europe in 2026, through a website and stores after receiving a franchise for the brand's activities in Europe.

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Seven For All Mankind segment - Includes the activity of the brand 7 For All Mankind and accompanying products (Ready To Wear) in the Premium Denim category for women, men and children.

1.2. Significant events in the corporation's activities, during and after the reporting period

1.2.1. The security situation in Israel

Further to what was stated in Section 1.2.1 in Part B of the Q1 2026 report regarding the "Lion's Roar" operation, during June 2026, a memorandum of understanding was signed between the USA and Iran regulating the cessation of hostilities and a framework for further negotiations between the parties. However, significant disputes remained on the issues of the Iranian nuclear program, economic sanctions and regional security arrangements, and the entire region remains in a state of ongoing security tension despite the existence of ceasefires. It should be noted that security tension also continues to prevail in the Lebanon and Gaza sectors.

As a result of the fighting, significant volatility began in energy prices, including oil prices, which may cause a future increase in the Company's inventory transportation costs. Such an increase was not reflected during the reporting period due to the Company's existing framework agreements with its suppliers. According to the Company's assessment, changes in shipping costs as of this date are not expected to materially affect the Company's results.

It should also be noted that with the outbreak of fighting, the activities of the automation supplier at the new automated logistics center in Caesarea of Delta Israel Brands Ltd., the Company's Israeli subsidiary (hereinafter: "Delta Israel"), were stopped, and as of the date of the report, it has not yet returned to activity. According to the Company's assessment, as long as the fighting is not resumed, a delay of several months is expected in the schedule such that the operation date of the logistics center is expected to be postponed to the second quarter of 2027. Delta Israel is working, in cooperation with the automation supplier and professional entities on its behalf, to operate an automated pallet storage system in the logistics center during the third quarter of the year.

1.2.2. The effect of the increase in customs rates on imports to the USA

During 2025, a customs plan for importing goods to the USA was approved, within which the customs rate percentages on imports from various countries were raised by various rates. For more details on the effects of the increase in the customs rate on the Company during 2025, see Section 6.1 (B) in Part A of the Periodic report.

In November 2025, a hearing began in the US Supreme Court on a petition filed by business groups and countries against the administration's new customs policy in the US, and in February 2026, the court ruled that the customs imposed by virtue of the International Emergency Economic Powers Act (IEEPA) were illegal. As a result, the collection of these customs officially stopped on February 24, 2026. In light of the aforementioned ruling, the US administration decided to impose a temporary customs duty at a rate of 10% on all countries in the world (and 17.5% on China) for 150 days, after which Congressional approval will be required to extend the validity of the customs.

Following the court's decision, a portal was opened allowing companies to file a claim for a refund for the customs amounts paid by them. Interest will be added to the customs amounts to be refunded. In April 2026, Delta USA (the American subsidiary) submitted a request for a refund of customs amounts totaling approximately $31.4 million.

On June 26, 2026 (see Ref: 2026-01-060216), the Company reported that the subsidiary received a customs refund of approximately $27 million. In addition to this amount, approximately $6 million was received in the days following this date and before the end of the second quarter, such that the total customs refund received by the Company in cash during the second quarter of 2026 amounted to approximately $33 million, and included approximately $1.0 million for interest. The Company intends to use part of the customs refund to improve the production system, supply chain and organizational structure to support continued improvement in profitability in the future.

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The effect of the customs refund on the results of the second quarter and the first half of 2026 is a decrease in sales of the Private Label segment totaling $11 million, an increase in gross profit and operating profit totaling $16.8 million, and an increase in net profit totaling $13.1 million.

For details regarding the effect of the customs refund on relevant items in the profit and loss statement during the 2026 reporting periods, see Section 2.2.1 below.

The balance of the refund which was not yet included in the profit and loss statement, totaling $15.2 million, was included in the balance sheet as of June 30, 2026, as a decrease in the accounts receivable balance (approx. $11 million) and as a decrease in the inventory balance (approx. $4.2 million).

On July 24, 2026, the US administration decided to impose customs of 10% and 12.5% on imports of goods from 60 trade partners, including the European Union and China, citing "war on forced labor". The new customs came into immediate effect instead of the temporary 10% customs that the administration imposed after the Supreme Court disqualified most of the President's customs plan in February this year. According to the Company's assessment, the impact of this change will not be material on the Company's results[1].

1.2.3. Exchange rate volatility

During the second quarter and the first half of 2026, there was an appreciation of 17% and 2% and 15% and 7% in the average exchange rates of the NIS and the Euro respectively, against the Dollar, compared to the average rates in the corresponding reporting periods of 2025. This appreciation led to an increase in sales and expenses denominated in these currencies: see further details in Sections 2.3.1, 2.3.2 and 2.3.3 below.

The total effect of exchange rate differences on the Company's operating profit during the reporting periods of 2026 was not material; for further details on exchange rate differences included in financing expenses, see Section 2.3.3.1 below.

1.2.4. Dividend distribution

A.

Declaration Date	Distribution Amount		Record Date / "Ex" Day	Distribution Date
	(In cents per share)	(In millions of dollars)		
17.2.2026	38.25	10.0	25.2.2026	11.3.2026
11.5.2026	30.5	8.0	19.5.2026	2.6.2026

B. Dividend distribution after the balance sheet date

Declaration Date	Distribution Amount		Record Date / "Ex" Day	Distribution Date
	(In cents per share)	(In millions of dollars)		
4.8.2026	30.5	8.0	12.8.2026	19.8.2026

For more details see the Immediate Report dated August 4, 2026 (Ref. No.: 2026-01-073488).

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[1] This section, which includes forecasts regarding future customs payments to the Company's customers and assessments regarding the impact of newly imposed customs, is based on various assessments and depends on external factors beyond the Company's control such as changes in the macroeconomic environment and others, and therefore actual payments may differ materially from those estimated.

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1.2.5. **Outline Update**

On May 25, 2026, the Company updated that it amended the Company's outline dated December 20, 2023, as amended on January 7, 2024, under which the Company allocates securities to employees and officers in the Company and its subsidiaries (hereinafter: the "Outline"). According to the amendment, the quota of securities available for allocation under the Outline was increased by 500,000 warrants. For further details, see the Company's immediate report dated May 25, 2026 (Reference No.: 2026-01-047993).

1.2.6. **Renewal of Bank Credit Facility in the USA**

On June 1, 2026, the subsidiary Delta USA renewed its current credit facility agreement with Valley Bank (the lead bank) and with HSBC Bank for a period of two years, ending on May 31, 2028. The scope of the credit facility in the new agreement is $120 million and it is secured by a floating charge on the subsidiary's customers and inventory and includes a requirement to meet financial covenants. As of June 30, 2026, the Company had not utilized bank credit from the total scope of the said facility.

1.2.7. **Approval of Terms of Office and Employment of the Company's CEO and Controlling Shareholder**

On July 15, 2026, the special general meeting of the Company's shareholders approved the terms of office and employment of the Company's CEO and controlling shareholder, for a period of 3 years starting from May 1, 2026, until April 30, 2029. For further details, see immediate reports from July 15, 2026 (Reference No. 2026-01-067425) and June 8, 2026 (Reference No. 2026-01-054390).

1.2.8. **Extension of Validity of Restricted Share Unit Plan**

On July 22, 2026, the Company's Board of Directors approved the extension of the Restricted Share Unit Plan, under which the Company is authorized to allocate restricted share units to employees and officers in the Company and its subsidiaries, for an additional period of five years, until July 27, 2031. Except for the extension of the plan period as stated, there has been no change in its terms.

1.2.9. **Renewal of Directors and Officers Liability Insurance**

On August 4, 2026, after approval by the Company's Compensation Committee, the Company's Board of Directors approved the renewal of the liability insurance policy for directors and officers in the Company for a period of one year, from September 1, 2026, until August 31, 2027. Additionally, the Company's Board of Directors approved that the policy will also apply to directors and officers who are among the controlling shareholders of the Company or their relatives, in accordance with Regulation 1B1 of the Companies Regulations (Relief in Transactions with Interested Parties), 5760-2000, and determined that the policy was purchased under market conditions, that its purchase does not materially affect the Company's profitability, assets, or liabilities, and that the premium cost under it is not material to the Company.

1.2.10. **Approval of Donations**

Further to what is stated in Section 4 of the Board of Directors' Report attached to the Periodic report, the Company's Board of Directors approved in August 2026, following the approval of the Audit Committee, the granting of the following donations due to the personal interest of Mr. Noam Lautman, Chairman of the Company's Board of Directors, in them: (a) an additional donation of NIS 50 thousand to Shenkar College, so that the total donation in 2026 will amount to up to NIS 150 thousand, as well as a donation of up to NIS 150 thousand for the year 2027; and (b) an additional donation of approximately NIS 145 thousand to the University of Haifa, so that the total donation in 2026 will amount to approximately NIS 565 thousand in 2026, and a donation of up to approximately NIS 620 thousand in 2027. Additionally, the Board of Directors approved, after Audit Committee approval, the extension of the engagement with the Donor Participation Fund (Keshet) DIF Ltd. by an additional 4 years (until 2035), in a manner that will increase the scope of the donation to Keshet by a total of NIS 2.5 million, due to the personal interest in the donation of Mr. Isaac Dabah, the Company's CEO and controlling shareholder, and Mr. Noam Lautman, Chairman of the Company's Board of Directors.

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Board of Directors' Explanations of the Corporation's Business Position

2. Analysis of Financial Position

2.1. Report on Financial Position

Below are explanations regarding developments in the items of the report on financial position, in millions of dollars (some figures in the table have been rounded):

Item	June 30		Explanation for Primary Changes
	2026	2025	
Current assets	**841.4**	**839.3**	The increase in the balance was mainly due to an increase in the cash and cash equivalents balance in light of the receipt of the customs refund in the USA and due to the strengthening of the NIS and Euro exchange rates compared to the rates in June 2025. This increase was mostly offset by a proactive reduction in the inventory balance, as part of the Company's plan to lower the inventory balance.
Non-current assets	**1,318.1**	**1,125.0**	The increase in the balance was mainly due to an increase of approximately $89 million in the goodwill, brand names, and intangible assets balance following the acquisition of Daily Drills in October of last year, due to the strengthening of the Euro against the dollar, an increase of approximately $33 million in the net fixed assets balance due to investments in the company's factories, new logistics centers and stores, as well as an increase of approximately $64 million in right-of-use assets due to the signing of new lease agreements, the primary one being the new logistics center in Israel.
Total balance sheet	**2,159.5**	**1,964.3**	The increase in the total balance sheet was mainly due to the increase in non-current assets, as explained above.
Current liabilities	**637.0**	**591.9**	The increase in the balance results mainly from an increase in short-term bank credit primarily due to investments in fixed assets and the acquisition of Daily Drills, which were partially offset by cash flow from operating activities in the twelve months ended June 30, 2026. The increase in the balance also resulted from an increase of approximately $11 million in lease liabilities due to the signing of new agreements.
Non-current liabilities	**584.2**	**520.4**	The increase in the balance was mainly due to an increase of approximately $61 million in lease liabilities, a net increase of approximately $11 million in the long-term bank loans balance, and due to the inclusion of long-term contingent consideration for the acquisition of Daily Drills in the amount of $9.2 million. This increase was partially offset by a decrease in the BONDS balance in the amount of approximately $28 million.
Equity	**938.3**	**852.0**	The increase in the equity balance resulted mainly from comprehensive income in the twelve months ended June 2026 in the amount of approximately $124 million, less dividends distributed in the amount of approximately $40 million.
Total equity and liabilities	**2,159.5**	**1,964.3**	The increase in total equity and liabilities resulted from an increase in equity, current liabilities, and non-current liabilities, as detailed above.

2.2. Results of Operations

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Below is a summary of the Group's profit and loss statements for the second quarter and first half of 2026 and 2025, in which certain items are classified differently than in the Company's financial statements, in order to allow for analysis and comparison with corresponding reporting periods. The figures are presented in thousands of dollars (except for earnings per share data):

	Second Quarter			First Half		
		2026	2025		2026	2025
	% Change	Unaudited	Unaudited	% Change	Unaudited	Unaudited
Sales	*9%*	**511,636**	470,124	*12%*	**1,084,609**	968,794
Cost of sales		**258,471**	268,800		**592,684**	564,882
Gross profit	*26%*	**253,165**	201,324	*22%*	**491,925**	403,912
% of sales		**49.5%**	42.8%		**45.4%**	41.7%
Selling and marketing expenses	*17%*	**169,187**	144,386	*18%*	**339,759**	286,732
% of sales		**33.1%**	30.7%		**31.3%**	29.6%
General and administrative expenses	*18%*	**29,663**	25,126	*16%*	**61,489**	53,174
% of sales		**5.8%**	5.3%		**5.7%**	5.5%
Other expenses (income), losses (profits) of investee companies, net		**(326)**	784		**(570)**	298
Operating profit before one-time items	*76%*	**54,641**	31,028	*43%*	**91,247**	63,708
% of sales		**10.7%**	6.6%		**8.4%**	6.6%
One-time items, see section 2.2.3		**1,957**	-		**3,436**	-
Operating profit	*70%*	**52,684**	**31,028**	*38%*	**87,811**	**63,708**
Financing expenses, net	*(4%)*	**9,115**	9,448	*17%*	**22,190**	19,045
Profit before taxes	*102%*	**43,569**	**21,580**	*47%*	**65,621**	**44,663**
Income tax expenses	*123%*	**10,809**	4,844	*59%*	**16,461**	10,324
Profit for the period	*96%*	**32,760**	**16,736**	*43%*	**49,160**	**34,339**
Profit for the period before inclusion of one-time items, net of tax, see section 2.2.3	*106%*	**34,394**	16,736	*52%*	**52,029**	34,339
Attribution of profit for the period:						
To the owners of the company		**30,185**	15,052		**45,579**	31,271
To non-controlling interests		**2,575**	1,684		**3,581**	3,068
Profit for the period		**32,760**	**16,736**		**49,160**	**34,339**
Profit before inclusion of one-time items, net of tax for the period, attributable to the owners of the company	*111%*	**31,819**	**15,052**	*55%*	**48,448**	**31,271**
Diluted earnings per share attributable to the owners of the company - in dollars	*102%*	**1.15**	**0.57**	*47%*	**1.73**	**1.18**
Diluted earnings per share before one-time items, attributable to the owners of the company - in dollars	*112%*	**1.21**	**0.57**	*56%*	**1.84**	**1.18**

*Some figures in the table have been rounded.

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2.2.1. Below is a breakdown regarding the impact of the customs refund from the US authorities in 2026 on relevant items in the profit and loss statement, compared to reporting periods in 2025, in thousands of dollars:

	Second Quarter					First Half				
	2025	Unaudited 2026			% Adjusted change vs 2025	2025	Unaudited 2026			% Adjusted change vs 2025
	Reported	Reported	Customs refund	Adjusted excluding customs refund		Reported	Reported	Customs refund	Adjusted excluding customs refund	
Sales	470,124	511,636	(11,000)	**522,636**	*11%*	968,794	1,084,609	(11,000)	**1,095,609**	*13%*
Cost of sales	268,800	258,471	27,757	**286,228**		564,882	592,684	27,757	**620,441**	
Gross profit	**201,324**	**253,165**	**16,757**	**236,408**	***17%***	**403,912**	**491,925**	**16,757**	**475,168**	***18%***
% of sales	*42.8%*	*49.5%*		*45.2%*		*41.7%*	*45.4%*		*43.4%*	
Operating profit before one-time items	**31,028**	**54,641**	**16,757**	**37,884**	***22%***	**63,708**	**91,247**	**16,757**	**74,490**	***17%***
% of sales	*6.6%*	*10.7%*		*7.2%*		*6.6%*	*8.4%*		*6.8%*	
Operating profit	**31,028**	**52,684**	**16,757**	**35,927**	***16%***	**63,708**	**87,811**	**16,757**	**71,054**	***12%***
Finance expenses (income), net	9,448	9,115	(996)	**10,111**	*7%*	19,045	22,190	(996)	**23,186**	*22%*
Profit before taxes	**21,580**	**43,569**	**17,753**	**25,816**	***20%***	**44,663**	**65,621**	**17,753**	**47,868**	***7%***
Income tax expenses	4,844	10,809	4,615	**6,194**	*28%*	10,324	16,461	4,615	**11,846**	*15%*
Profit for the period	**16,736**	**32,760**	**13,138**	**19,622**	***17%***	**34,339**	**49,160**	**13,138**	**36,022**	***5%***
Profit for the period before one-time items	**16,736**	**34,394**	**13,138**	**21,256**	***27%***	**34,339**	**52,029**	**13,138**	**38,891**	***13%***
Diluted EPS attributable to owners of the company - in Dollars	0.57	1.15	0.50	**0.65**	*14%*	1.18	1.73	0.50	**1.23**	*4%*
Diluted EPS before one-time items, attributable to owners of the company - in Dollars	0.57	1.21	0.50	**0.71**	*25%*	1.18	1.84	0.50	**1.34**	*14%*

2.2.2. Below is a table of key data in millions of dollars*:

	Year 2025	Last 12 Months	First Half		Second Quarter	
			2025	2026	2025	2026
Sales	2,118.9	**2,234.7**	968.8	**1,084.6**	470.1	**511.6**
Operating profit before one-time items	174.2	**201.7**	63.7	**91.2**	31.0	**54.6**
Operating profit	164.4	**188.5**	63.7	**87.8**	31.0	**52.7**
EBITDA	**282.8**	**318.1**	**115.3**	**150.6**	**57.5**	**84.4**
Profit for the period before one-time items	102.6	**120.3**	34.3	**52.0**	16.7	**34.4**
Profit for the period before one-time items attributable to owners of the company	93.8	**111.0**	31.3	**48.4**	15.1	**31.8**
Profit for the period attributable to owners of the company	84.9	**99.2**	31.3	**45.6**	15.1	**30.2**
Cash flow from operating activities	189.1	**262.6**	44.1	**117.6**	25.6	**73.4**
Cash flow from operating activities excluding IFRS 16 impact	131.8	**199.5**	17.1	**84.7**	13.0	**56.8**

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Calculation of EBITDA(1) in millions of dollars*:

	Year 2025	Last 12 Months	First Half		Second Quarter	
			2025	2026	2025	2026
Profit for the period - as reported	93.7	**108.5**	34.3	**49.2**	16.7	**32.8**
Income tax expenses	31.6	**37.8**	10.3	**16.5**	4.8	**10.8**
Finance expenses, net	39.1	**42.2**	19.0	**22.2**	9.4	**9.1**
One-time items:						
Impairment of non-financial assets	4.7	**4.7**	-	**-**	-	**-**
Impairment of fixed assets	2.7	**2.7**	-	**-**	-	**-**
Expenses for inventory adjustment from Daily Drills acquisition cost allocation	1.1	**1.1**	-	**-**	-	**-**
Net adjustment (income) from change in fair value of contingent consideration liability	(0.5)	**2.9**	-	**3.4**	-	**1.9**
Acquisition transaction expenses	1.9	**1.9**	-	**-**	-	**-**
Depreciation and amortization	108.6	**116.4**	51.6	**59.3**	26.5	**29.8**
EBITDA	**282.8**	**318.1**	**115.3**	**150.6**	**57.5**	**84.4**
EBITDA excluding IFRS 16 impact	**209.1**	**237.0**	**79.6**	**107.5**	**39.1**	**62.7**

*Some figures in the table have been rounded.

(1) EBITDA is a measure not based on accepted accounting principles (non-GAAP), used by the company to measure its results from continuing operations in a way that allows for a more correct comparison of operating results over time, neutralizing one-time items that vary between periods. To the best of the company's knowledge, EBITDA is an accepted measure used by other companies in its field of activity. EBITDA is calculated as follows: Profit plus taxes on income, finance expenses net, depreciation and amortization, and neutralizing one-time items. EBITDA neutralizing IFRS 16 impact also neutralizes, in addition to all of the above, lease payments.

2.2.3. Below is the reconciliation between the net profit reported in the reporting periods and the net profit before one-time items, in millions of dollars* :

	Second Quarter		First Half	
	2026	2025	2026	2025
Profit for the period - as reported	32.8	16.7	49.2	34.3
Expense from change in fair value of contingent consideration liability	1.9	-	3.4	-
Less tax effect of one-time items	(0.3)	-	(0.6)	-
Profit for the period before one-time items	34.4	16.7	52.0	34.3

*Some figures in the table have been rounded

2.3. Analysis of Operating Results

2.3.1. Sales

Group sales in the second quarter and the first half of 2026 rose by 9% and 12% respectively compared to the corresponding reporting periods last year.

Excluding the impact of the customs refund ($11 million), company sales in the second quarter and the first half of 2026 rose by approximately 11% and 13% respectively compared to the corresponding reporting periods last year.

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Group sales in local currency terms in the second quarter and the first half of 2026 rose by approximately 5% and 7% respectively compared to the corresponding reporting periods last year.

Group sales in local currency terms in the second quarter and the first half of 2026, neutralizing the decrease due to the customs refund, rose by 7% and 9% compared to the corresponding periods last year.

Sales in the retail channel (DTC) of brands owned by the company (neutralizing Bare Necessities sales) rose in the second quarter and the first half of 2026 by approximately 30% and 25% respectively compared to corresponding reporting periods last year.

2.3.2. Below is the distribution of company sales by geographical regions, in millions of dollars* :

	Second Quarter				First Half							
	% Change Local Currency	% Change	2026	% of Total	2025	% of Total	% Change Local Currency	% Change	2026	% of Total	2025	% of Total
USA	(1)	(1)	***239.2***	**48**	240.9	**51**	7	7	***529.9***	**49**	493.2	**51**
Israel	16	40	***104.6***	**20**	74.6	**16**	7	27	***205.2***	**19**	162.2	**17**
Europe (excl. Germany)	18	20	***84.1***	**16**	70.0	**15**	13	18	***173.6***	**16**	146.9	**15**
Germany	(8)	(6)	***48.4***	**9**	51.5	**11**	(4)	2	***105.9***	**10**	103.9	**11**
Others	7	7	***35.3***	**7**	33.2	**7**	13	12	***70.0***	**6**	62.6	**6**
Total	***5***	**9**	***611.6***	**100%**	***470.1***	**100%**	***7***	**12**	***1,084.6***	**100%**	***968.8***	**100%**

*Some figures in the table have been rounded

USA

The decrease in sales in the USA in the second quarter of 2026 compared to the corresponding quarter last year was due to a customs refund totaling 11 million dollars, as mentioned in sections 1.2.2 and 2.2.1 above. Excluding the customs refund, sales in the USA grew in the second quarter of 2026 by approximately 4% compared to the corresponding quarter last year, mainly due to an increase in sales in the brands segments, Seven for all mankind and Daily Drills, which was consolidated starting from the fourth quarter of last year. The increase in sales in the USA in the first half of 2026 compared to the corresponding reporting period last year resulted from an increase in sales in the brands segments, private labels, and Seven for all mankind, as well as due to the consolidation of Daily Drills.

Israel

The increase in sales in Israel in NIS in the 2026 reporting period results from continued organic growth across all company brands as well as due to the expansion of franchising segment activity.

Europe (excl. Germany)

The increase in sales in Europe (excluding Germany) in the second quarter of 2026 was mainly due to growth in sales in the private labels, brands, and Seven for all mankind segments. The increase in sales in the first half of 2026 resulted from growth in sales across all segments and due to an appreciation of approximately 7% in the exchange rate of the Euro against the Dollar.

Germany

The decrease in sales in Germany in local currency during the 2026 reporting period resulted mainly from a decrease in sales in the brands segment.

Others

The increase in sales in other countries during the 2026 reporting periods compared to the corresponding reporting periods last year resulted mainly from sales in the private labels segment.

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2.3.3. Analysis of Operating Results

		Second Quarter		Explanation of Main Changes
		2026	2025	
		In Thousands of USD		
	% Change	Unaudited		
Sales	9%	511,636	470,124	The increase in sales neutralizing the effect of the customs refund ($11 million) is 11% compared to the corresponding quarter last year. Sales increased in all segments and especially in Delta Israel, due to the consolidation of Daily Drills and the strengthening of the NIS and Euro exchange rates against the Dollar. For more details see sections 2.3.1 and 2.3.2 above.
Gross profit	26%	253,165	201,324	The increase in gross profit was mainly due to sales growth, the US customs refund, and an improvement in the gross profit margin, as specified below.
% of sales		49.5%	42.8%	The increase in gross profit margin was partly due to the customs refund as specified in section 2.2.1. Neutralizing the impact of said customs refund, the gross profit margin in the second quarter of 2026 constituted approximately 45.2% of sales. The improvement in gross profit margin neutralizing the customs refund was mainly due to the consolidation of Daily Drills, an increase in the relative share of Delta Israel activity characterized by a higher than average gross profit margin in the company, and the strengthening of NIS and Euro exchange rates against the Dollar.
Selling and marketing expenses	17%	169,187	144,386	The increase in expenses was mainly due to the strengthening of NIS and Euro exchange rates against the Dollar, expansion of DTC activity, mainly in Israel and Germany, and the consolidation of Daily Drills results.
% of sales		33.1%	30.7%	The adjusted selling and marketing expenses rate due to the $11 million reduction in sales as specified in section 2.3.1 above, constituted 32.4% of sales. The increase in the adjusted rate of selling and marketing expenses from sales resulted mainly from the expansion of DTC activity characterized by a higher than average selling expenses rate in the company.
General and administrative expenses	18%	29,663	25,126	The increase in expenses was mainly due to the strengthening of NIS and Euro exchange rates against the Dollar and an increase in computerization expenses due to the implementation of the SAP system.
% of sales		5.8%	5.3%	Neutralizing the impact of the customs refund on sales in the second quarter of 2026, the percentage of general and administrative expenses from sales remained unchanged compared to the corresponding quarter last year.
Other expenses (income), net and equity profit (loss) in subsidiaries		(326)	784	Other income included gains from currency transactions and capital gains in the second quarter of 2026, compared to other expenses in the second quarter last year which included losses from currency transactions, net of capital gains.
Operating profit before one-time items	**76%**	**54,641**	31,028	Operating profit before one-time items includes income from customs refund totaling approximately $16.8 million. The increase in operating profit before one-time items neutralizing said customs refund amounted to $6.8 million or 22% compared to the corresponding quarter last year. This growth resulted from an improvement in gross profit, which was partially offset by an increase in selling, marketing, general and administrative expenses.
% of sales		10.7%	6.6%	

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		Second Quarter		Explanation of Main Changes
		2026	2025	
		In Thousands of USD		
	% Change	Unaudited		
One-time items		1,957	-	See section 2.2.3
Operating profit	**70%**	**52,684**	31,028	
Finance expenses, net	(4%)	**9,115**	9,448	See section 2.3.3.1
Profit before tax	**102%**	**43,569**	21,580	
Income tax expenses		**10,809**	4,844	The increase in tax expenses and the effective tax rate in the second quarter of 2026 compared to the corresponding quarter last year resulted from an increase in profit before tax and from the profit mix and the impact of exchange rates in various countries.
Profit for the period	**96%**	**32,760**	16,736	
Profit for the period before one-time items, net of tax	**106%**	**34,394**	16,736	The increase in profit for the period before one-time items in the second quarter of 2026 resulted from growth in operating profit and a decrease in finance expenses which were partially offset by an increase in tax expenses.

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Explanation of main changes	First Half			
	2025	2026		
	In thousands of USD			
		Unaudited	% Change	
The increase in sales resulted from growth in all reported fields of activity and markets, from the strengthening of the NIS and Euro exchange rates against the Dollar and due to the consolidation of Daily Drills. For more details see sections 2.3.1 and 2.3.2 above.	968,794	**1,084,609**	*12%*	**Sales**
The increase in gross profit was mainly due to the increase in sales, the customs refund in the USA and improvement in factory profitability.	403,912	**491,925**	*22%*	**Gross Profit**
The increase in the gross profit margin was partly due to the customs refund, see section 2.2.1. The gross profit margin excluding the impact of the customs refund in the USA in the first half of 2026 was 43.4% of sales. The increase in the gross profit margin excluding said customs refund was mainly due to the improvement in factory profitability due to the implementation of the reorganization plan, from the strengthening of the NIS and Euro exchange rates against the Dollar, from the consolidation of Daily Drills and an increase in the relative share of Delta Israel's activities out of total sales, which is characterized by a higher than average gross profit margin in the company.	*41.7%*	***45.4%***		% of Sales
The increase in expenses was mainly due to the strengthening of the NIS and Euro exchange rates against the Dollar and the expansion of DTC activities, mainly in Israel and Germany, characterized by a high selling and marketing expense rate, as well as the consolidation of Daily Drills.	286,732	**339,759**	*18%*	**Selling and Marketing Expenses**
The adjusted selling and marketing expense rate excluding the customs refund was 31.0% of sales. The increase in the adjusted selling and marketing expense rate from sales was mainly due to the relative increase of DTC activity out of total sales, which is characterized by a relatively high selling and marketing expense percentage.	*29.6%*	***31.3%***		% of Sales
The increase in general and administrative expenses was mainly due to the strengthening of the NIS and Euro exchange rates against the Dollar, and an increase in computerization expenses due to the implementation of the SAP system.	53,174	**61,489**	*16%*	**General and Administrative Expenses**
Excluding the impact of the customs refund on sales, the percentage of general and administrative expenses from sales remained without material change compared to the first half of last year.	*5.5%*	***5.7%***		% of Sales
Net other income in the first half of 2026 included gains from currency transactions and capital gains, net of losses from currency transactions and equity losses. Other expenses in the first half of 2025 included losses from hedging transactions net of capital gains and equity profits.	298	**(570)**		**Other expenses (income), net and equity profits in subsidiary**
Operating profit before one-time items in the first half of 2026 included income from a customs refund in the amount of 16.8 million dollars. Excluding the said customs refund, operating profit increased by approximately 10.8 million dollars or 17% compared to the first half of 2025 and resulted from an increase in gross profit which was offset by an increase in selling, marketing, general and administrative expenses.	63,708	**91,247**	*43%*	**Operating profit before one-time items**
	6.6%	***8.4%***		% of Sales
See section 2.3.3	-	**3,436**		**One-time items, net**
	63,708	**87,811**	*38%*	**Operating profit**
See details in section 2.3.3.1	19,045	**22,190**	*17%*	**Financing expenses, net**
	44,663	**65,621**	*47%*	**Profit before tax**
The increase in tax expenses and the effective tax rate resulted from an increase in profit before tax and due to a change in the profitability mix between the different countries.	10,324	**16,461**		**Income tax expenses**
	34,339	**49,160**	*43%*	**Profit for the period**
The increase in profit before one-time items, net of tax resulted from an increase in operating profit which was partially offset by an increase in financing and tax expenses.	**34,339**	**52,029**	*52%*	**Profit for the period before one-time items, net of tax**

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2.3.3.1. Financing expenses, net

Below is a table describing the composition of financing expenses, in millions of USD:

	Second Quarter		First Half	
	2026	2025	2026	2025
	Millions of USD		*Millions of USD*	
Net interest expenses and fees	5.3	5.5	11.4	10.7
Exchange rate difference expenses (income)	(1.3)	(0.8)	0.2	(0.8)
Discounting component for liabilities and IFRS 16	5.1	4.7	10.5	9.1
Total financing expenses, net	**9.1**	**9.4**	**22.2**	**19.0**

The decrease in financing expenses in the second quarter of 2026 compared to the same quarter last year was mainly due to interest income in the amount of 1.0 million dollars due to a customs refund in the USA and an increase in income from exchange rate differences, which were partially offset by an increase in the discounting component for the IFRS16 liability in light of the signing of new lease agreements.

The increase in financing expenses in the first half of 2026 compared to the first half of last year resulted from exchange rate difference income in the first half of last year, an increase in the discounting component for the IFRS16 liability due to the signing of new lease agreements and due to an increase in interest and fee expenses due to an increase in the volume of debt and expansion of activity.

2.3.4. Below is a summary of the company's business results on a consolidated basis, divided into the four reportable accounting segments in its financial statements, for the second quarter and the first half of 2026 and 2025, in thousands of USD* :

Second Quarter ended June 30												
Unaudited												
One-time items		**Operating profit (loss)**		**Selling and Marketing Expenses**		**Gross Profit**		**% Change in original currency terms**	**% Change**	**Sales**		
2025	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**			**2025**	**2026**	
	1,957	(7,643)	**10,337**	55,839	**60,577**	58,897	**81,236**	*8%*	*9%*	146,950	**160,901**	**Brands**
		(5.2%)	*6.4%*	*38.0%*	*37.6%*	*40.1%*	*50.5%*					% of Sales
		26,805	**29,260**	16,350	**21,292**	49,964	**57,320**	*(2%)*	*(2%)*	186,751	**183,911**	**Private Labels**
		14.4%	*15.9%*	*8.8%*	*11.6%*	*26.8%*	*31.2%*					% of Sales
		11,191	**17,344**	34,370	**48,705**	46,949	**67,760**	*18%*	*43%*	73,255	**104,847**	**Delta Israel**
		15.3%	*16.5%*	*46.9%*	*46.5%*	*64.1%*	*64.6%*					% of Sales
		4,474	**5,764**	27,609	**27,804**	35,958	**37,680**	*2%*	*4%*	51,486	**53,376**	**Seven for all mankind**
		8.7%	*10.8%*	*53.6%*	*52.1%*	*69.8%*	*70.6%*					% of Sales
		(1,596)	**(2,393)**	10,218	**10,809**	9,726	**9,633**	*(9%)*	*(8%)*	16,679	**15,272**	**Others**
		(9.6%)	*(15.7%)*	*61.3%*	*70.8%*	*58.3%*	*63.1%*					% of Sales

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Second Quarter ended June 30												
Unaudited												
One-time items		**Operating profit (loss)**		**Selling and Marketing Expenses**		**Gross Profit**		**% Change in original currency terms**	**% Change**	**Sales**		
2025	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**			**2025**	**2026**	
		(2,203)	**(5,671)**	-	**-**	(170)	**(464)**			(4,997)	**(6,671)**	**Elimination of inter-segment sales and other adjustments**
-	1,957	31,028	**54,641**	144,386	**169,187**	**201,324**	**253,165**	*5%*	*9%*	**470,124**	**511,636**	**Total sales and operating profit**
		-	1,957									**One-time items, net**
		31,028	**52,684**									**Total operating profit**

* Some of the figures in the table above have been rounded.

First Half ended June 30												
Unaudited												
One-time items		**Operating profit (loss) before one-time items**		**Selling and Marketing Expenses**		**Gross Profit**		**% Change in original currency terms**	**% Change**	**Sales**		
2026	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**			**2026**	**2025**	
-	3,436	**16,569**	(7,559)	**126,587**	110,129	**164,191**	122,412	12%	16%	**344,645**	297,557	**Brands**
		4.8%	(2.5%)	36.7%	37.0%	47.6%	41.1%			% of Sales		
		56,561	50,951	**41,307**	33,096	**114,346**	100,214	4%	4%	**408,738**	393,158	**Private Labels**
		13.8%	13.0%	10.1%	8.4%	28.0%	25.5%			% of Sales		
		25,328	22,990	**94,154**	69,874	**122,953**	95,430	8%	28%	**205,757**	160,519	**Delta Israel**
		12.3%	14.3%	45.8%	43.5%	59.8%	59.5%			% of Sales		
		9,185	6,433	**57,876**	54,528	**75,193**	69,254	3%	6%	**108,050**	101,643	**Seven for all mankind**
		8.5%	6.3%	53.6%	53.6%	69.6%	68.1%			% of Sales		
		(5,999)	(4,866)	**19,835**	19,105	**16,600**	16,382	(3%)	(1%)	**28,649**	29,055	**Others**
		(20.9%)	(16.7%)	69.2%	65.8%	57.9%	56.4%			% of Sales		
		(10,397)	(4,241)	**-**	-	**(1,358)**	220			**(11,230)**	**(13,138)**	**Elimination of inter-segment sales and other adjustments**
-	**3,436**	**91,247**	**63,708**	**339,759**	286,732	**491,925**	403,912	7%	12%	**1,084,609**	968,794	**Total sales and operating profit before one-time items**

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First Half ended June 30										
Unaudited										
One-time items		Operating profit (loss) before one-time items		Selling and Marketing Expenses		Gross Profit		% Change in original currency terms	% Change	Sales		
2026	2025	2026	2025	2026	2025	2026	2025			2026	2025	
		3,436	-									**One-time items, net**
		87,811	63,708									**Total operating profit**

* Some of the data in the table above have been rounded

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2.3.5. Below is an analysis of business results by activity segments:

Brands Activity Segment

The growth in sales of the activity segment in the reporting periods of 2026 compared to corresponding periods last year resulted mainly from an increase in sales of the company's brands in the USA as well as from the consolidation of Daily Drills.

The growth in sales of the activity segment in the reporting periods of 2026 compared to corresponding reporting periods last year resulted from an increase in the average price of items sold mainly due to the acquisition of Daily Drills and a change in the product mix and was partially offset by a decrease in the quantity of products sold.

Gross and operating profit in the reporting periods of 2026 includes a customs refund totaling 9.3 million dollars. Excluding the customs refund, gross profit amounted to approximately 71.9 million dollars or 44.7% of sales in the second quarter of 2026, and 154.9 million dollars or 44.9% of sales in the first half of 2026.

The growth in gross profit excluding the customs refund and in its rate from sales in the reporting periods of 2026 compared to corresponding reporting periods last year, resulted mainly from the increase in sales and from the consolidation of Daily Drills.

The increase in selling and marketing expenses in the reporting periods of 2026 resulted mainly from the strengthening of the Euro exchange rate against the Dollar, from the expansion of the Schiesser store chain and due to the consolidation of Daily Drills results, which was consolidated starting from the fourth quarter of last year.

Operating profit in the second quarter and in the first half of 2026 excluding the customs refund amounted to 1.0 and 7.3 million dollars respectively, compared to an operating loss of 7.6 million dollars in corresponding reporting periods last year.

The transition from an operating loss last year to an operating profit excluding the customs refund in the reporting periods of 2026, resulted mainly from growth in sales, due to the consolidation of Daily Drills results and an improvement in Eminence results due to efficiency measures taken.

Private Labels Activity Segment

Sales of the activity segment in the reporting periods of 2026 decreased by 11 million dollars due to the customs refund from the authorities in the USA, as detailed in section 1.2.2 above.

Excluding the aforementioned customs refund, sales of the activity segment increased by approximately 8 million dollars or 4% compared to the corresponding quarter last year, due to an increase in sales of underwear products.

Sales of the activity segment in the first half of 2026 rose by 4% compared to the first half last year and by 7% if the USA customs refund is excluded.

The said increase in sales of the activity segment in the reporting periods of 2026 is due to an increase in sales of underwear products and offsetting discounts given to customers.

The growth in sales of the activity segment in the second quarter of 2026 compared to the corresponding quarter last year resulted from a moderate increase in the average price due to a change in the product mix, which was offset by a decrease in the quantity of products sold.

Gross and operating profit in the reporting periods of 2026 includes a total of approximately 6.2 million dollars for a customs refund in the USA.

Excluding the customs refund, gross profit amounted to approximately 51.1 million dollars or 26.3% of sales in the second quarter of 2026, and 108.1 million dollars or 25.8% of sales in the first half of 2026.

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The decrease in the gross profit rate excluding the customs refund in the second quarter of 2026 compared to the corresponding quarter last year resulted from a change in the product mix and from discounts given to customers in the USA, which was partially offset by an improvement in factory efficiency.

The increase in the gross profit rate from sales in the first half of 2026 compared to the first half last year resulted from efficiency measures and the reorganization plan implemented by the company in its factories in the Far East and was partially offset by discounts given to customers, as mentioned above.

The increase in the rate of selling and marketing expenses from sales in the reporting periods of 2026 resulted from the strengthening of the Shekel exchange rate against the Dollar and also from the decrease in sales due to the customs refund.

The growth in operating profit and in its rate from sales in the reporting periods of 2026 compared to corresponding periods last year resulted from the customs refund. Excluding the said customs refund of 6.2 million dollars, operating profit in the second quarter decreased mainly due to discounts to customers, as mentioned above, as well as due to the strengthening of the Shekel exchange rate against the Dollar.

Delta Israel Activity Segment

Sales in Shekels in the second quarter of 2026 rose by 18% compared to the corresponding quarter last year and amounted to approximately 310.4 million NIS, compared to 262.8 million NIS last year.

Sales of the activity segment in the first half of 2026 rose by 8% and amounted to 625.7 million NIS compared to 577.9 million NIS in the first half last year.

The growth in sales of the activity segment in the second quarter of 2026 resulted from the continued expansion of franchise brand activity and organic growth in all company brands, relative to the corresponding quarter last year which was affected by the "Am KeLavi" campaign.

The growth in gross profit and in its rate from sales in the second quarter of 2026 compared to last year's quarter resulted from the increase in sales and the strengthening of the Shekel rate, net of hedging transactions, as well as from the translation of activity segment results due to the appreciation of the Shekel exchange rate.

Improvement in gross profit and in its rate from sales in the first half of 2026 resulted from the above and was partially offset due to the impact of the "Sha'agat HaAri" campaign and the hot weather on the results of the first quarter of this year.

The increase in selling and marketing expenses and in their rate from sales in the second quarter of 2026 resulted mainly from the expansion of franchise brand activity in Israel and the launch of Bath & Body Works activity in Europe.

The growth in operating profit and in its rate from sales in the second quarter of 2026 compared to the corresponding quarter last year resulted mainly from the increase in sales and gross profit, while improving the gross profit rate and the rate of selling and marketing expenses out of total sales.

The growth in operating profit in the first half of 2026 compared to the first half last year resulted from the translation of the Shekel results at a stronger Shekel exchange rate.

In Shekel terms, operating profit decreased compared to the first half last year mainly due to the impact of the "Sha'agat HaAri" campaign on the results of the first quarter of the year and due to the costs associated with the launch of the Bath & Body Works brand in Europe, which were partially offset by the improvement in results in the second quarter, as mentioned above.

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Below is a summary of data and results of the activity segment for the second quarter and the first half of 2026 and 2025 as reported by the subsidiary, Delta Israel Brands Ltd. Activity results - revenues, costs and profitability, are given in thousands of dollars, in accordance with the average exchange rates in the reporting periods:

		Second Quarter 2026	Second Quarter 2025
General Data			
Number of branches		244	238
Net retail space (sqm)		37,539	36,055
Human capital*	Branches	784	698
	Others	438	394
Activity Results (in thousands of dollars)			
Revenues	Direct operation	82,969	56,604
	External operation	15,518	11,187
	Others	6,360	5,464
Cost of sales	Fixed costs	68	79
	Variable costs	37,018	26,227
Rent and management fees - stores	Fixed costs	10,207	7,324
	Variable costs	488	262
Selling and marketing salary expenses		19,203	12,649
Depreciation expenses**		1,878	1,472
Advertising expenses		1,718	1,691
Operating profit		**17,344**	**11,191**

		First Half 2026	First Half 2025
General Data			
Number of branches		244	238
Net retail space (sqm)		37,539	36,055
Human capital*	Branches	767	741
	Others	444	401
Activity Results (in thousands of dollars)			
Revenues	Direct operation	162,542	123,349
	External operation	29,001	23,033
	Others	14,214	14,137
Cost of sales	Fixed costs	135	153
	Variable costs	82,669	64,936
Rent and management fees - stores	Fixed costs	19,335	14,180
	Variable costs	915	768

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	First Half 2026	First Half 2025
Selling and marketing salary expenses	36,209	26,370
Depreciation expenses**	3,646	2,797
Advertising expenses	3,098	2,560
Operating profit	**25,328**	**22,990**

* Human capital data are on a full-time position basis and do not include employees employed through manpower companies.
** Includes depreciation expenses for fixed assets as well as expenses for software amortization.

Seven for all mankind Activity Segment

The growth in sales in the second quarter and in the first half of 2026 compared to corresponding reporting periods last year resulted from an increase in sales to wholesale customers in the USA and due to a strengthening of approximately 2% and 7% respectively in the exchange rate of the Euro against the Dollar, compared to the average rates in corresponding periods last year.

The growth in sales of the activity segment in the second quarter and in the first half of 2026 compared to corresponding reporting periods last year resulted from an increase in the average selling price due to product mix and a decrease in promotions and discounts, which was partially offset by a decrease in the quantity of products sold.

The growth in gross profit in the reporting periods of 2026 compared to corresponding reporting periods last year, resulted from the growth in sales. The increase in the gross profit rate in the reporting periods of 2026 compared to corresponding periods last year resulted mainly from a decrease in promotions and discounts given to customers and from a decrease in product procurement costs.

The increase in selling and marketing expenses in the reporting periods of 2026 compared to corresponding reporting periods last year, resulted mainly from an increase in advertising expenses.

The growth in operating profit and in its rate in the reporting periods of 2026 compared to corresponding reporting periods last year, resulted from the increase in sales and in the gross profit rate, as mentioned above.

Others

The decrease in sales in the second quarter and in the first half of 2026 compared to corresponding reporting periods last year resulted from a decrease in Bare Necessities sales which was partially offset by growth in Organic Basics sales.

During the first quarter of 2026, the owners of the warehouse used by the company announced a sudden closure of the warehouse. In light of this announcement, the company moved its storage and distribution activity from Mexico to the southern USA. Due to the said transfer, activity sales in the reporting periods of 2026 were affected and logistical expenses involved in inventory transfer were incurred.

2.3.6. The Company's forecast regarding its business results[2]

The company confirms the forecast for the year 2026 as included in the Periodic report for the year 2025, excluding the impact of non-recurring items, the impact of the customs refund in the USA and the change in the fair value of a liability for contingent consideration, based on exchange rates of 1.15 dollars per 1 Euro and 3.00 NIS per 1 Dollar and considering current tax and customs rates, in millions of dollars:

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	Forecast for the year 2026	Year 2025
Sales	2,294 - 2,328	2,118.9
Operating profit	204 - 212	174.2
EBITDA	324 - 332	282.8
Net profit	116 - 123	102.6
Diluted earnings per share (in $ per share)	4.00 - 4.23	3.55

[2] This section, concerning the company's goals, its strategy, and its expectations for continued growth and development, constitutes forward-looking information. Forward-looking information is uncertain information about the future, based on information existing in the company on the date of the Periodic report, and includes estimates of the company or its intentions as of the date of the report considering past experience, various assessments regarding the state of the markets in which the company operates and it depends on many external factors that are not under the company's control such as: the economic and security situation in the target markets, changes in raw material costs, transportation costs, customs rates, the cost of purchasing finished products and more. Therefore, there is no certainty that the following will indeed be realized and actual results may differ materially from the results estimated or implied by this information, among other things, if a deterioration, new or additional, occurs in the situation of the markets in which the company operates, if any of the risk factors relevant to the company materialize as detailed in section 66 of the company's Periodic report for the year 2025 and more.

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3. Liquidity and Sources of Financing

3.1. Summary of Cash Flow Statements in Millions of Dollars*:

	Second Quarter		First Half	
	2026	2025	2026	2025
Net cash provided by operating activities	**73.4**	25.6	**117.6**	44.1
Net cash used for investing activities	**(19.8)**	(36.9)	**(39.8)**	(61.5)
Net cash provided by (used for) financing activities	**(57.3)**	2.5	**(93.6)**	(22.0)
Decrease in cash and cash equivalents	**(3.7)**	(8.7)	**(15.8)**	(39.4)

	Second Quarter		First Half	
	2026	2025	2026	2025
Net cash provided by operating activities - as reported	**73.4**	25.6	**117.6**	44.1
Excluding:				
Repayment of lease liabilities, included in cash flows from financing activities	**(16.5)**	(12.6)	**(32.9)**	(27.0)
Cash flow from operating activities - excluding the effect of IFRS 16 (1)	**56.8**	13.0	**84.7**	17.1

*Some of the data in the table above have been rounded.

(1) Cash flow from operating activities without the effect of IFRS 16, is a non-GAAP measure, used by the Company to measure its current operational cash flows neutralizing lease payments, which are included in the reported cash flow statement as part of financing activities.

The Company finances its operations from cash and cash equivalents balances, from cash flow from operating activities, from bank credit and from the issuance of BONDS.

The increase in cash flow from operating activities in the second quarter and the first half of 2026 compared to the corresponding reporting periods last year resulted from an improvement in profit, the customs refund in the USA (approximately $33 million) and a decrease in the level of working capital, mainly in inventory and customers items.

The decrease in cash flow from investing activities in the reporting periods of 2026 resulted mainly from the acquisition of a logistics center in the USA and investments made in it during the corresponding reporting periods last year.

The increase in cash flow used for financing activities in the reporting periods of 2026 compared to the corresponding periods last year resulted mainly from the repayment of short-term credit due to the increase in cash flow from operating activities.

3.2. Below are several financial indicators for the reporting periods of 2026 and 2025 and for the year 2025:

	Second Quarter		Year
	2026	2025	2025
Current ratio	**1.32**	1.42	1.34
Quick ratio	**0.60**	0.59	0.67
Days sales outstanding (DSO) - adjusted (on a quarterly basis)*	**34**	37	33
Days payable outstanding (DPO) (on a quarterly basis) **	**64**	71	48
Days inventory outstanding (DIO) - adjusted (on a quarterly basis)***	**145**	165	111
Cash flow from operating activities ($ million) - second quarter	**73.4**	25.6	-

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	Second Quarter		Year
	2026	2025	2025
Cash flow from operating activities ($ million) - first half	**117.6**	44.1	-
Cash flow from operating activities ($ million) - last 12 months	**262.6**	170.8	189.1
EBITDA ($ million) – second quarter	**84.4**	57.5	-
EBITDA ($ million) - first half	**150.6**	115.3	-
EBITDA ($ million) – last 12 months	**318.1**	280.6	282.8
Net financial debt ($ million)	**170.4**	191.4	195.9
Net financial debt to adjusted EBITDA coverage ratio ** (on a last 12 months basis)**	**0.7**	0.9	0.9
Equity / Total balance sheet	**43.5%**	43.4%	43.5%
Equity ($ million)	**938.3**	852.0	903.6
Net financial debt to CAP ***	**13.3%**	16.3%	15.3%

* Adjusted DSO ratio for June 2026, reflects the exclusion of the US customs refund, see section 1.2.2 above. The decrease in DSO for June 2026 compared to June of last year resulted from an improvement in credit terms carried out by the Company and due to a change in the customer mix. Excluding the adjustment for the customs refund, it is 33.

** Adjusted DPO ratio, excludes the impact of the customs refund from the US authorities as detailed in section 1.2.2 above. The DPO ratio excluding the adjustment is 71.

*** Adjusted DIO ratio, reflects the exclusion of the US customs refund, see section 1.2.2 above. The decrease in inventory days in June 2026 compared to June 2025 resulted from a proactive reduction in the inventory balance as part of the Company's plan to lower inventory. The DIO ratio, excluding the adjustment for the customs refund, is 160.

**** In the above ratio, the positive impact on EBITDA resulting from the application of IFRS 16 was neutralized.

***** CAP as defined in the trust deeds for the BONDS - financial debt, plus total equity in the balance sheet (including minority rights) plus long-term deferred taxes.

Net financial debt to EBITDA and net financial debt to CAP ratios are calculated excluding the effect of IFRS 16 since the changes following the adoption of the standard do not affect the Company's debt repayment ability.

The definition of net financial debt as it appears in the trust deeds of the Company's BONDS series includes, among other things, liabilities in respect of operating leases and/or finance leases.

In light of the application of IFRS 16, the Company included in the balance sheet as of June 30, 2026, liabilities in respect of operating leases in a total amount of approximately $390.3 million as well as right-of-use assets in a total amount of approximately $356.5 million.

It is clarified that according to the Company's approach, the said liabilities in respect of operating leases should not be seen as part of the Company's financial debt. For caution, the Company clarifies that even taking into account those liabilities in respect of operating leases, it meets the financial covenants.

Below are the financial indicators taking into account liabilities in respect of operating leases - net financial debt totals approximately $560.7 million (compared to $170.4 million as detailed in the table), the net financial debt to EBITDA ratio is 1.8 (compared to 0.7 in the table) and the net financial debt to CAP ratio is 33.9% (compared to 13.3% as detailed in the table).

It should be emphasized that the trust deed of BONDS Series 6 allows the Company to neutralize changes in accounting standards compared to those that were in effect at the date of the series issuance, for the purpose of calculating compliance with the covenants set in the deed.

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3.3. Below is a table detailing the structure of the net financial debt, in millions of dollars:

	6/30/2026	6/30/2025	12/31/2025
BONDS and financial debt, including accrued interest payable	**299.2**	282.3	334.5
Less, cash and cash equivalents and short-term deposits	**(121.5)**	(88.7)	(134.0)
Derivative financial instrument, less deposit received	**(7.3)**	(2.2)	(4.6)
Total net financial debt	**170.4**	**191.4**	**195.9**

Total net financial debt as of June 30, 2026, totaled $170.4 million compared to $191.4 million as of June 30, 2025, and compared to $195.9 million as of December 31, 2025.

The decrease in net financial debt as of June 30, 2026, compared to June 30, 2025, resulted mainly from cash flow from operating activities excluding IFRS 16 in the twelve months ended June 30, 2026, totaling approximately $199 million, which was partially offset by investments in fixed assets and other assets, net in an amount of approximately $79 million, the acquisition of Daily Drills in an amount of approximately $65 million and a dividend payment in an amount of approximately $40 million.

3.4. Disclosure regarding projected cash flow

The Company's Board of Directors examined the criteria regarding warning signs in the Company, as detailed in the Securities Regulations (Periodic and Immediate Reports, 1970 ("the Regulations")) and found that in the separate financial information according to regulation 9C of the Regulations ("solo reporting") for the report date, the Company has a working capital deficit as of June 30, 2026. However, in the consolidated reports of the Company, there is no working capital deficit.

In light of the above, the Company's Board of Directors examined whether the above indicates a liquidity problem in the Company, by examining the Company's projected cash flow for 2026, taking into account the excess of current assets over current liabilities in the consolidated report and examining the unused bank credit facilities which showed that the Company has the cash sources it requires for the continuation of its operations and fulfillment of its expected obligations as they become due. According to the examination and discussion held, the Company's Board of Directors believes that the existence of the warning sign as detailed above does not indicate a liquidity problem in the Company and therefore, there is no need to include a projected cash flow.

3.5. Report on the state of liabilities by maturity dates

For data regarding the Company's statement of liabilities by maturity dates as of June 30, 2026, see also the immediate report published by the Company at the time of publication of this report.

3.6. Exposure to currency risks and their management

The Company's functional currency is the US dollar. The Company is exposed in its operations to changes in various currency rates compared to the dollar exchange rate and especially to the Euro and Shekel rates, as follows:

Volatility in the Euro/Dollar exchange rate

Most of the Company's activities in Europe are carried out through the subsidiaries Eminence, Schiesser and Seven for all mankind and are conducted in Euros.

The Company manages the market risk arising from the volatility of the Euro exchange rate against the Dollar with the aim of reducing the existing economic exposure. The Company's policy is to hedge the exposures estimated by it on the basis of

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actual orders as well as on the basis of the approved annual budget or the draft budget and for a period up to the end of the following year, but in any case for a period not exceeding 18 months from the date of the transaction.

In 2026, the Company's surplus receipts in Euro are expected[3] to total approximately $160 million.

The Company executed currency transactions to protect against the depreciation of the Euro exchange rate against the Dollar in a total of $76 million at an average rate of $1.162 per 1 Euro.

Volatility in the Shekel/Dollar exchange rate

The Company's activities in Israel, most of which are carried out through the Delta Israel activity area, are conducted in Shekels.

In 2026, the Company's surplus receipts in Shekel are expected[3] to total approximately $195 million.

The Company executed currency transactions to protect against the depreciation of the Shekel exchange rate against the Dollar, totaling $56.5 million at an average rate of 3.308 NIS per $1.

[3] This section, which includes in part projections regarding surplus receipts/payments in 2026, constitutes forward-looking information as defined in the Securities Law. This information is uncertain information relating to a future event and based on the Company's projections and estimates as of the report date; actual results may differ materially from those predicted in the framework of the said forward-looking information, as a result of a large number of factors and are therefore subject to risks and uncertainty.

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4. Certificates of Indebtedness in Circulation

Below is a description of the company's series of BONDS in circulation as of the report date:

Series	A	F
Date of issuance and scope of BONDS issued at the date of issuance (in NIS)	NIS 178,543,000 par value BONDS were registered for trading on 12.8.2013 according to the shelf offering report published by the company on 8.8.2013 by virtue of the company's shelf prospectus dated 27.5.2013, as amended in the prospectus amendment dated 5.8.2013 ("Shelf Prospectus"). NIS 21,457,000 par value BONDS were registered for trading on 27.10.2013 according to a private offering report. NIS 161,734,000 par value BONDS were registered for trading on 15.5.2014 according to the shelf offering report published by the company on 13.5.2014 by virtue of the shelf prospectus. NIS 38,266,000 par value BONDS were registered for trading on 2.6.2014 according to the shelf offering report published by the company on 1.6.2014 by virtue of the shelf prospectus. NIS 245,000,000 par value BONDS were registered for trading on 24.12.2019 according to the shelf offering report published by the company on 22.12.2019 by virtue of the shelf prospectus	NIS 208,877,000 par value BONDS were registered for trading on 30.3.2017 according to a shelf offering report published by the company on 27.3.2017 by virtue of the company's shelf prospectus dated 18.1.2017. NIS 253,470,000 par value BONDS were registered for trading on 13.3.2019 according to a shelf offering report published by the company on 12.3.2019.
Scope of par value BONDS as of 30.06.2026 in NIS	**172,218,585**	**45,202,630**

Series	A	F
Date of commencement of principal repayment and manner of repayment	Starting from 31.8.2015, in annual installments on August 31 of each year until 31 August 2028 (inclusive)	Starting from 31.12.2018 in annual installments on December 31 of each year until 31 December 2026 (inclusive)

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Series	A	F
Amount of interest accrued as of 30.06.2026	Approx. NIS 3.2 million	Approx. NIS 0.0 million
Value as included in financial reports on 30.06.2026	Approx. NIS 194.7 million	Approx. NIS 52.9 million
Market value on the Stock Exchange on 30.06.2026	Approx. NIS 172.2 million	Approx. NIS 45.2 million
Interest type	Fixed - 5.0%	Fixed - 3.85%
Interest payment dates	In semi-annual installments on February 28 and August 31 of each of the years 2014 to 2028.	In semi-annual installments on June 30 and December 31 of each of the years 2017 to 2026.
Linkage type	Unlinked	Linked to US Dollar
Conversion right	The BONDS are not convertible	The BONDS are not convertible
Right for early redemption or forced conversion	If and to the extent decided by the Stock Exchange to delist the BONDS from trading due to a decrease in the value of the BONDS series below the amount fixed in the TASE Regulations, the company will perform early redemption of the BONDS due to such delisting. The company shall be entitled (but not obligated) at its sole discretion to perform early redemption, full or partial, of the BONDS (Series 1'), at the price, mechanism, schedules and other conditions fixed in section 8.2 of the Trust deed and in section 7 of Appendix No. 1 to the Trust deed for the BONDS (Series 1').	If and to the extent decided by the Stock Exchange to delist the BONDS from trading due to a decrease in the value of the BONDS series below the amount fixed in the TASE Regulations, the company will perform early redemption of the BONDS due to such delisting. The company shall be entitled (but not obligated) at its sole discretion to perform early redemption, full or partial, of the BONDS (Series 6'), at the price, mechanism, schedules and other conditions fixed in section 8.2 of the Trust deed for the BONDS (Series 6').
Guarantee for payment of obligations and other securities	Unsecured	Unsecured
Rating agency	Midroog Ltd.	Midroog Ltd.
Rating at the date of series issuance	A2 with a stable outlook	A1 with a stable outlook

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Series	A	F
Rating for 2.2.2026 [see immediate report from 2.2.2026 (Reference no.: -2026-01-011853)]	Aa3 with a stable outlook	Aa3 with a stable outlook
Additional ratings	a. On 3.2.2025 : Aa3 with a stable outlook b. On 10.4.2024 : AA- with a stable outlook c. On 30.1.2024 : Aa3 with a stable outlook d. On 30.1.2023 : Aa3 with a stable outlook e. On 25.1.2022 : A1 with a stable outlook f. On 14.4.2021 : A1 with a stable outlook g. On 7.4.2020 : A1 with a negative outlook h. On 11.3.2019 : A1 with a stable outlook i. On 12.3.2018 : A1 with a stable outlook j. On 12.3.2017 : A1 with a stable outlook k. On 10.7.2016 : A1 with a stable outlook l. On 31.3.2016 : A1 with a stable outlook m. On 18.5.2015 : A1 with a stable outlook n. On 2.9.2014 : A1 with a stable outlook o. On 30.3.2014 : A1 with a stable outlook	a. On 10.4.2024 : AA- with a stable outlook b. On 30.1.2024 : Aa3 with a stable outlook c. On 30.1.2023 : Aa3 with a stable outlook d. On 25.1.2022 : A1 with a stable outlook e. On 14.4.2021 : A1 with a stable outlook f. On 7.4.2020 : A1 with a negative outlook g. On 11.3.2019 : A1 with a stable outlook h. On 12.3.2018 : A1 with a stable outlook i. On 12.3.2017 : A1 with a stable outlook
Additional rating agency	S&P Maalot Ltd.	S&P Maalot Ltd.
Rating for 23.4.2026 [see immediate report from 23.4.2026 (Reference no.: -2026-15-037699)]	AA- stable forecast	AA- stable forecast

Series	A	F
Details regarding the Trustee and contact information	Hermetic Trust (1975) Ltd., 113 Hayarkon St. Tel Aviv (Phone: 03-5544553 Fax: 03-5271736). Contact person at the Trustee is Adv. Dan Avnon, Email: Avnon@hermetic.co.il	Hermetic Trust (1975) Ltd., 113 Hayarkon St. Tel Aviv (Phone: 03-5544553 Fax: 03-5271736). Contact person at the Trustee is Adv. Dan Avnon, Email: Avnon@hermetic.co.il
Materiality (over 5% of total company liabilities)	No	No

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As of the report date, the company has complied with all terms and obligations toward the holders of the BONDS in circulation, including under the trust deeds for the BONDS, and no cause for immediate repayment of the BONDS has occurred.

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The Board of Directors and Management express great appreciation to Delta's employees and its managers.

Signed on: 4.8.2026

Noam Lautman	Isaac Dabah
Chairman of the Board of Directors	CEO and Director

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Delta Galil Industries Ltd.

Financial Statements

June 30, 2026

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Delta Galil Industries Ltd.

Interim Financial Information

(Unaudited)

June 30, 2026

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Review Report of the Independent accountant to the Shareholders of Delta Galil Industries Ltd.

Introduction

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We have reviewed the accompanying financial information of Delta Galil Industries Ltd. and its subsidiaries (hereinafter - the Company), which includes the condensed consolidated statement of financial position as of June 30, 2026, and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six and three-month periods then ended. The Board of Directors and Management are responsible for the preparation and presentation of financial information for these interim periods in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting", and they are also responsible for the preparation of financial information for these interim periods under Chapter D of the Securities Regulations (Periodic reports and Immediate Reports), 1970. Our responsibility is to express a conclusion on the financial information for these interim periods based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel regarding "Review of Interim Financial Information Performed by the Independent accountant of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the above financial information is not prepared, in all material respects, in accordance with International Accounting Standard IAS 34.

In addition to the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the above financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic reports and Immediate Reports), 1970.

Tel-Aviv,

August 4, 2026

Kesselman & Kesselman

accountants

A member firm of PricewaterhouseCoopers International Limited

Kesselman & Kesselman, 146 Menachem Begin Road, Tel-Aviv 6492103, Israel, P.O.B. 7187 Tel-Aviv 6107120,

Telephone: +972-3-7954555, Fax: +972-3-7954556, www.pwc.com/il

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Delta Galil Industries Ltd.

Condensed Consolidated Statement of Financial Position

As of June 30, 2026

	June 30		December 31
	2026	2025	2025
	(Unaudited)		(Audited)
	USD in thousands		
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 tax receivable	**7,018**	1,080	2,569
Other receivables and debit balances	**60,343**	59,196	64,229
Derivative financial instrument	**2,288**	505	1,390
Inventory	**458,076**	491,803	430,348
Assets held for sale	**2,997**	4,770	2,997
	841,384	839,323	860,726
Non-current assets:			
Investments accounted for using the equity method	**16,369**	12,827	13,150
Long-term receivables and other debit balances	**2,375**	2,640	2,513
Investment property	**368,073**	335,502	356,365
Property, plant and equipment, net and property, plant and equipment under construction	**187,719**	142,494	188,877
Goodwill	**155,465**	138,730	157,704
Brand names	**189,838**	163,069	165,186
Intangible assets, net of accumulated amortization	**356,494**	292,170	294,733
Right-of-use assets	**36,755**	35,637	36,562
Deferred tax assets			
Derivative financial instrument	**5,002**	1,956	3,202
	1,318,090	1,125,025	1,218,292
Total assets	**2,159,474**	1,964,348	2,079,018

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Noam Lautman, (

Chairman of the Board (

Isaac Dabah, (

CEO (

Yaniv Benedek, (

CFO (

Date of approval of the interim financial information by the Board of Directors: August 4, 2026

The accompanying notes are an integral part of the condensed financial statements

Delta Galil Industries Ltd.

Condensed Consolidated Statement of Financial Position

As of June 30, 2026

	June 30		December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	USD in thousands		
Liabilities and Equity			
Current liabilities:			
Short-term bank credit	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
Derivative financial instrument	-	228	-
Current maturities of lease liabilities	79,649	68,730	72,690
Trade and other payables	204,631	213,580	188,055
Income tax payable	16,299	14,993	21,146
Provision for restructuring plans	1,806	3,506	2,898
Other payables and credit balances	206,877	197,520	207,634
	636,966	**591,882**	**644,244**

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	June 30		December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	USD in thousands		
Non-current liabilities:			
Long-term bank loans	128,762	118,140	141,455
Liabilities for employee termination benefits, net	5,880	5,729	6,081
Lease liabilities	310,684	249,916	253,299
Other non-current liabilities	63,151	43,783	63,151
BONDS	39,947	67,661	38,274
Deferred tax liability	35,739	35,191	37,371
	584,163	**520,420**	**531,175**
Total liabilities	**1,221,129**	**1,112,302**	**1,175,419**
Equity:			
Equity attributable to owners of the company:			
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**

The accompanying notes are an integral part of the condensed financial statements

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	6 months ended June 30		3 months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
USD in thousands					
(Except for share profit data)					
Sales	1,084,609	968,794	511,636	470,124	2,118,914
Cost of sales	592,684	564,882	258,471	268,800	1,222,446
Gross profit	**491,925**	**403,912**	**253,165**	**201,324**	**896,468**
Selling and marketing expenses	339,759	286,732	169,187	144,386	616,938
General and administrative expenses	61,489	53,174	29,663	25,126	112,214
Other income (expenses), net	(660)	142	(366)	775	(1,754)
Share in losses of companies accounted for using the equity method	90	156	40	9	560
Expense (income) from change in fair value of contingent consideration liability, net	3,436	-	1,957	-	(545)
Impairment of non-financial assets	-	-	-	-	4,665
Operating profit	**87,811**	**63,708**	**52,684**	**31,028**	**164,390**
Finance expenses, net	22,190	19,045	9,115	9,448	39,059
Profit before income taxes	**65,621**	**44,663**	**43,569**	**21,580**	**125,331**
Income taxes	16,461	10,324	10,809	4,844	31,621
Profit for the period	**49,160**	**34,339**	**32,760**	**16,736**	**93,710**
Other comprehensive income (loss):					
Items that will not be reclassified to profit or loss:					
Remeasurement of employee termination benefits	-	-	-	-	377
Tax effect	-	-	-	-	(109)
	-	**-**	**-**	**-**	**268**
Items that may be reclassified to profit or loss:					
Cash flow hedges	(12,059)	2,936	31	(11,719)	(7,118)
Foreign currency translation differences	42,658	2,359	7,019	34,739	49,474
Tax effect	2,774	(328)	106	2,696	1,300
	33,373	**4,967**	**7,156**	**25,716**	**43,656**
Total comprehensive income for the period	**67,712**	**54,127**	**39,916**	**42,452**	**137,634**
Attribution of profit for the period:					
To the owners of the company	31,271	45,579	30,185	15,052	84,891
To non-controlling interests	3,068	3,581	2,575	1,684	8,819
Total profit for the period	**34,339**	**49,160**	**32,760**	**16,736**	**93,710**

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	6 months ended June 30		3 months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
USD in thousands					
(Except for share profit data)					
Attribution of total comprehensive income for the period:					
To the owners of the company	63,728	48,102	35,398	39,601	125,987
To non-controlling interests	3,984	6,025	4,518	2,851	11,647
Total comprehensive income for the period	**67,712**	**54,127**	**39,916**	**42,452**	**137,634**
Earnings per share attributable to the owners of the company (in USD):					
Basic	1.20	1.74	1.15	0.58	3.25
Diluted	1.18	1.73	1.15	0.57	3.21

The accompanying notes are an integral part of the condensed financial statements

Delta Galil Industries Ltd.

Condensed Consolidated Statement of Changes in Equity

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

USD in thousands

	Equity attributable to the owners of the company											
	Ordinary share capital											
	Number of shares in thousands	Amount	Share premium	Capital reserve controlling shareholder	Capital reserve from translation	Capital reserves for cash flow hedges	Capital reserve from transactions with non-controlling interests	Retained earnings	Treasury shares	Total	Non-controlling interests	Total Equity
Balance as of January 1, 2026 (Audited)	**26,923**	**23,714**	**123,184**	**218**	**3,224**	**(3,172)**	**56,082**	**678,210**	**(8,848)**	**872,612**	**30,987**	**903,599**
Movements during the six-month period												
ended June 30, 2026 (Unaudited):												
Profit for the period	-	-	-	-	-	-	-	45,579	-	45,579	3,581	49,160
Other comprehensive income (loss) for the period	-	-	-	-	(65)	2,588	-	-	-	2,523	2,444	4,967
Exercise of warrants and restricted share units	-	44	-	-	-	-	-	-	1,046	1,090	-	1,090
Changes in ownership interest in subsidiaries without loss of control	-	-	-	-	-	-	(16)	-	-	(16)	16	-
Dividend distribution	-	-	-	-	-	-	-	(18,021)	-	(18,021)	-	(18,021)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,604)	(3,604)
Equity-settled share-based payment	-	272	882	-	-	-	-	882	-	882	272	1,154

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	Equity attributable to the owners of the company											
	Ordinary share capital		Share premium	Capital reserve controlling shareholder	Capital reserve from translation	Capital reserves for cash flow hedges	Capital reserve from transactions with non-controlling interests	Retained earnings	Treasury shares	Total	Non-controlling interests	Total Equity
	Number of shares in thousands	Amount										
Balance as of June 30, 2026 (Unaudited)	**26,923**	**23,714**	**123,228**	**218**	**3,159**	**(584)**	**56,066**	**706,650**	**(7,802)**	**904,649**	**33,696**	**938,345**
Balance as of January 1, 2025 (Audited)	**26,923**	**23,714**	**124,025**	**218**	**(42,967)**	**2,191**	**56,148**	**625,912**	**(9,832)**	**779,409**	**24,153**	**803,562**
Movements during the six-month period												
ended June 30, 2025 (Unaudited):												
Profit for the period	-	-	-	-	-	-	-	31,271	-	31,271	3,068	34,339
Other comprehensive income (loss) for the period	-	-	-	-	40,997	(8,540)	-	-	-	32,457	916	33,373
Exercise of warrants and restricted share units	-	-	(305)	-	-	-	-	-	448	143	-	143
Changes in ownership interest in subsidiaries without loss of control	-	-	-	-	-	-	(50)	-	-	(50)	50	-
Dividend distribution	-	-	-	-	-	-	-	(18,020)	-	(18,020)	-	(18,020)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,514)	(2,514)
Equity-settled share-based payment	-	-	-	-	-	-	-	829	-	829	334	1,163
Balance as of June 30, 2025 (Unaudited)	**26,923**	**23,714**	**123,720**	**218**	**(1,970)**	**(6,349)**	**56,098**	**639,992**	**(9,384)**	**826,039**	**26,007**	**852,046**
Balance as of January 1, 2025 (Audited)	**26,923**	**23,714**	**124,025**	**218**	**(42,967)**	**2,191**	**56,148**	**625,912**	**(9,832)**	**779,409**	**24,153**	**803,562**
Movements in the year 2025:												
Profit for the period	-	-	-	-	-	-	-	84,891	-	84,891	8,819	93,710
Other comprehensive income (loss) for the period	-	-	-	-	46,191	(5,363)	-	268	-	41,096	2,828	43,924
Exercise of warrants and restricted share units	-	-	(841)	-	-	-	-	-	984	143	-	143
Changes in ownership interest in subsidiaries without loss of control	-	-	-	-	-	-	(66)	-	-	(66)	66	-
Dividend distribution	-	-	-	-	-	-	-	(34,016)	-	(34,016)	-	(34,016)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5,137)	(5,137)
Equity-settled share-based payment	-	-	-	-	-	-	-	1,155	-	1,155	258	1,413
Balance as of December 31, 2025 (Audited)	**26,923**	**23,714**	**123,184**	**218**	**3,224**	**(3,172)**	**56,082**	**678,210**	**(8,848)**	**872,612**	**30,987**	**903,599**

The accompanying notes are an integral part of the condensed financial statements

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Delta Galil Industries Ltd.

Condensed Consolidated Statement of Changes in Equity

For the 6-month and 3-month periods ended June 30, 2026

	Equity attributable to owners of the Company											
	Ordinary share capital											
	Number of shares in thousands	Amount	Share premium	Capital reserve controlling shareholder	Translation differences capital reserve	Cash flow hedging capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Treasury shares	Total	Non-controlling interests	Total equity
	Thousands of USD											
Balance as of April 1, 2026 (unaudited)	26,923	23,714	123,290	218	(1,731)	(907)	56,082	684,096	(7,864)	876,898	29,855	906,753
Changes during the three-month period ended June 30, 2026 (unaudited):												
Profit for the period	-	-	-	-	-	-	-	30,185	-	30,185	2,575	32,760
Other comprehensive income for the period	-	-	-	-	4,890	323	-	-	-	5,213	1,943	7,156
Exercise of warrants and restricted share units	-	-	(62)	-	-	-	-	-	62	-	-	-
Changes in ownership interest in subsidiaries without loss of control	-	-	-	-	-	-	(16)	-	-	(16)	16	-
Dividend distribution	-	-	-	-	-	-	-	(7,999)	-	(7,999)	-	(7,999)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(870)	(870)
Share-based payment for warrants and restricted share units granted	-	-	-	-	-	-	-	368	-	368	177	545
Balance as of June 30, 2026 (unaudited)	**26,923**	**23,714**	**123,228**	**218**	**3,159**	**(584)**	**56,066**	**706,650**	**(7,802)**	**904,649**	**33,696**	**938,345**
Balance as of April 1, 2025 (unaudited)	26,923	23,714	123,800	218	(34,528)	1,660	56,301	632,409	(9,464)	794,110	23,567	817,677
Changes during the three-month period ended June 30, 2025 (unaudited):												

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	Equity attributable to owners of the Company											
	Ordinary share capital											
	Number of shares in thousands	Amount	Share premium	Capital reserve controlling shareholder	Translation differences capital reserve	Cash flow hedging capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Treasury shares	Total	Non-controlling interests	Total equity
	Thousands of USD											
Profit for the period	-	-	-	-	-	-	-	15,052	-	15,052	1,684	16,736
Other comprehensive income (loss) for the period	-	-	-	-	32,558	(8,009)	-	-	-	24,549	1,167	25,716
Exercise of warrants and restricted share units	-	-	(80)	-	-	-	-	-	80	-	-	-
Changes in ownership interest in subsidiaries without loss of control	-	-	-	-	-	-	(203)	-	-	(203)	203	-
Dividend distribution	-	-	-	-	-	-	-	(7,997)	-	(7,997)	-	(7,997)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(835)	(835)
Share-based payment for warrants and restricted share units granted	-	-	-	-	-	-	-	528	-	528	221	749
Balance as of June 30, 2025 (unaudited)	**26,923**	**23,714**	**123,720**	**218**	**(1,970)**	**(6,349)**	**56,098**	**639,992**	**(9,384)**	**826,039**	**26,007**	**852,046**

Delta Galil Industries Ltd.

Condensed Consolidated Statement of Cash Flows

For the 6-month and 3-month periods ended June 30, 2026

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	6 months ended June 30		3 months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
Thousands of USD					
Cash flows from operating activities:					
Profit for the period	49,160	34,339	32,760	16,736	93,710
Adjustments required to reflect cash flows from operating activities	111,539	46,102	56,730	26,354	169,221
Interest paid in cash	(18,643)	(15,758)	(8,048)	(6,797)	(33,259)
Interest received in cash	1,999	841	1,364	402	1,808
Income taxes paid in cash, net	(26,411)	(21,451)	(9,447)	(11,058)	(42,420)
Net cash provided by operating activities	**117,644**	**44,073**	**73,359**	**25,637**	**189,060**
Cash flows from investing activities:					
Acquisition of fixed assets and fixed assets under construction	(22,836)	(55,177)	(10,259)	(34,542)	(79,764)
Acquisition of intangible assets	(14,305)	(10,354)	(7,185)	(5,034)	(23,422)
Acquisition of subsidiary, net of cash acquired	-	-	-	-	(65,417)
Proceeds from sale of fixed assets	120	4,152	97	2,428	6,403
Others	(2,801)	(132)	(2,442)	275	(1,328)
Net cash used for investing activities	**(39,822)**	**(61,511)**	**(19,789)**	**(36,873)**	**(163,528)**
Cash flows from financing activities:					
Dividend paid to non-controlling interests in a consolidated company	(3,604)	(2,514)	(870)	(835)	(5,137)
Payment of long-term supplier credit in connection with fixed assets acquisition	(3,882)	(2,412)	(1,921)	(1,209)	(5,366)
Repayment of lease liabilities	(32,901)	(26,982)	(16,526)	(12,596)	(57,261)
Repayment of BONDS principal	-	-	-	-	(31,202)
Dividend paid	(18,021)	(18,020)	(7,999)	(7,997)	(34,016)
Receipt of long-term loans from banking corporations	-	967	-	-	38,561
Repayment of long-term loans from banking corporations	(10,288)	(9,664)	(2,444)	(2,230)	(21,984)
Short-term credit from banking corporations, net	(27,609)	36,877	(29,239)	27,414	93,585
Others	2,721	(255)	1,720	(23)	(433)

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	6 months ended June 30		3 months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
Thousands of USD					
Net cash provided by (used for) financing activities	**(93,584)**	**(22,003)**	**(57,279)**	**2,524**	**(23,253)**
Net increase (decrease) in cash and cash equivalents	**(15,762)**	**(39,441)**	**(3,709)**	**(8,712)**	**2,279**
Effect of exchange rate changes on cash and cash equivalents, net	3,321	7,624	3,525	7,216	11,185
Balance of cash and cash equivalents at beginning of period	**133,973**	**120,509**	**121,716**	**90,188**	**120,509**
Balance of cash and cash equivalents at end of period	**121,532**	**88,692**	**121,532**	**88,692**	**133,973**

The accompanying notes are an integral part of the condensed financial statements

Delta Galil Industries Ltd.
Condensed Consolidated Statement of Cash Flows

For the 6-month and 3-month periods ended June 30, 2026

	6 months ended June 30		3 months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
Thousands of USD					
Adjustments required to reflect cash flows from operating activities:					
Income and expenses not involving cash flows:					
Depreciation	17,861	16,848	8,844	8,585	34,890
Amortization	41,471	34,725	20,935	17,913	73,750
Impairment of non-financial assets	-	-	-	-	4,665
Interest on loans and BONDS	10,525	8,885	4,224	3,262	18,939
Interest received in cash	(1,999)	(841)	(1,364)	(402)	(1,808)
Income taxes paid in cash, net	26,411	21,451	9,447	11,058	42,420
Deferred income taxes, net	(633)	(6,941)	(221)	(5,240)	(5,642)
Interest expenses recognized on lease agreements	8,118	6,873	3,824	3,535	14,320
Liability for employee termination benefits, net	(103)	(487)	(77)	27	235

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	6 months ended		3 months ended		Year
	June 30		June 30		ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
Thousands of USD					
Change in restructuring provision	(1,092)	(4,636)	(643)	(3,797)	(5,244)
Expense (income) from change in fair value of contingent consideration liability, net	3,436	-	1,957	-	(545)
Capital gain	(78)	(1,505)	(82)	(1,028)	(1,741)
Benefit component in respect of warrants and restricted share units granted to employees	1,154	1,163	545	749	1,413
Share in losses of companies accounted for using the equity method	90	156	40	9	560
Others	(2,388)	2,533	(290)	2,425	5,761
	102,773	**78,224**	**47,139**	**37,096**	**181,973**
Changes in operating assets and liabilities:					
Decrease in trade receivables	33,150	92,130	25,353	28,367	61,772
Increase (decrease) in other receivables and debit balances	(966)	(1,418)	163	470	(6,040)
Increase (decrease) in trade and other payables	19,253	(40,928)	(13,465)	(34,324)	(68,696)
Decrease (increase) in other payables and credit balances	(16,201)	(15,936)	11,747	7,887	(3,387)
Decrease (increase) in inventory	(26,470)	(65,970)	(14,207)	(13,142)	3,599
	8,766	**(32,122)**	**9,591**	**(10,742)**	**(12,752)**
	111,539	**46,102**	**56,730**	**26,354**	**169,221**
Additional information on non-cash investing and financing activities:					
Suppliers and other payables in respect of acquisitions of fixed assets and other assets not in cash	8,338	8,090	(205)	(983)	18,373
Liability for minimum royalty payments	22,660	455	6,293	-	3,730
Contingent consideration for the acquisition of a company	-	-	-	-	13,100
Recognition of right-of-use assets against lease liabilities	87,161	66,321	9,415	21,009	94,932

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Delta Galil Industries Ltd.

Notes to the Condensed Consolidated Financial Statements

As of June 30, 2026 (Unaudited)

Note 1 - General Information

A. Delta Galil Industries Ltd. (hereinafter - "the Company") is an Israeli corporation which together with its subsidiaries (hereinafter - "the Group") is engaged in the development, design, production, marketing and sale of underwear, socks, children's wear, leisurewear and Activewear, as well as in the development, design, marketing, distribution and sale of branded products in the categories of denim, outerwear, cosmetics, fragrance and care products and related products, in four reportable business segments - Brands, Private Label, Delta Israel and Seven for all mankind (see Note 4).

The primary exchange on which the Company's shares are traded is the Tel Aviv Stock Exchange Ltd.
The Company's registered address is 45 HaEshel Street, Caesarea.

The interim financial information is reviewed and not audited.

B. Economic environment and impact of external factors on the Group

The following factors in the Group's macroeconomic environment have influenced and may continue to influence its activities in its target markets, which are the USA, Europe and Israel:

1. "Lion's Roar" War

Further to what was stated in Section 1.B.1 of Part B of the first quarter report for 2026 regarding the "Lion's Roar" operation, during June 2026 understandings were signed between the USA and Iran regulating the cessation of hostilities and a framework for further negotiations between the parties. However, significant disputes remain on the issues of the Iranian nuclear program, economic sanctions and regional security arrangements, and the entire region is in a state of ongoing security tension despite the existence of ceasefires. It should be noted that security tension continues to prevail also in the Lebanon and Gaza sectors.

As a result of the fighting, significant volatility began in energy prices, including oil prices, which may cause future increases in the Company's inventory transport costs. Such an increase was not reflected during the report period due to the Company's existing framework agreements with its suppliers. According to the Company's estimation, the changes in transport costs as of this date are not expected to materially affect the Company's results.

It should also be noted that with the outbreak of fighting, the activity of the automation supplier in the new automated logistics center in Caesarea of Delta Israel Brands Ltd., the Company's Israeli subsidiary (hereinafter: "Delta Israel"), was stopped and as of the report date has not yet returned to activity.

2. Impact of the increase in tariff rates to the USA

During 2025, a tariff plan for the import of goods to the USA was approved, under which the customs duty percentages on imports from various countries were raised at different rates. For more details on the effects of the increase in tariff rates on the Company during 2025, see Section 6.1 (B) in Part A of the Periodic Report.

In November 2025, a hearing began in the US Supreme Court on a petition filed by business groups and countries against the administration's new tariff policy, and in February 2026 the court ruled that the tariffs imposed under the International Emergency Economic Powers Act (IEEPA) were illegal. As a result, the collection of these tariffs officially ceased on February 24, 2026. In light of the ruling, the US administration decided to impose a temporary tariff at a rate of 10% on all countries in the world (and 17.5% on China) for 150 days, after which congressional approval will be required to extend the tariffs' validity.

Following the court decision, a portal was opened allowing companies to file a claim for a refund for the tariff amounts paid by them. Interest will be added to the tariff amounts to be refunded. In April 2026, Delta USA (the American subsidiary) filed a request for a refund of tariff amounts totaling approximately $31.4 million.

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On June 26, 2026, the Company reported that the subsidiary received a tariff refund of approximately $27 million. In addition to this amount, approximately $6 million was received in the days following this date and before the end of the second quarter, such that the total tariff refund received by the Company in cash during the second quarter of 2026 amounted to approximately $33 million, and included approximately $1.0 million in interest.

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Note 1 - General Information (Continued)

The impact of the customs refund on the results of the second quarter and the first half of 2026 is a decrease in sales of the Private Labels segment totaling $11 million, an increase in gross profit and operating profit totaling $16.8 million, and an increase in net profit totaling $13.1 million.

The balance of the refund which has not yet been included in the profit and loss statement, totaling $15.2 million, was included in the balance sheet as of June 30, 2026, as a decrease in the accounts receivable balance (approx. $11 million) and as a decrease in the inventory balance (approx. $4.2 million).

On July 24, 2026, the US administration decided to impose tariffs of 10% and 12.5% on imports of goods from 60 trading partners, including the European Union and China, citing a "war on forced labor". The new tariffs came into immediate effect, replacing the temporary tariffs at a rate of 10% that the administration imposed after the Supreme Court invalidated most of the President's tariff plan in February of this year.

3. Exchange Rate Volatility

During the second quarter and the first half of 2026, there was an appreciation of 17% and 2% and 15% and 7% in the average exchange rates of the NIS and the Euro, respectively, against the Dollar, compared to the average rates in the corresponding reporting periods of 2025. This appreciation led to an increase in sales and expenses denominated in these currencies.

The total impact of exchange rate differences on the company's operating profit in the reporting periods of 2026 was not material.

Note 2 - Basis of Preparation of the Condensed Financial Statements

A. The condensed consolidated financial information of the Group as of June 30, 2026, and for the 6 and 3-month interim periods ending on that date (hereinafter - "the interim financial information") was prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (hereinafter - "IAS 34"), and includes the additional disclosure required in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports) 5730 - 1970. The interim financial information does not include all the information and disclosures required within the framework of annual financial statements. The interim financial information should be read in conjunction with the annual financial statements for 2025 and the accompanying notes, which are prepared according to IFRS accounting standards, which are accounting standards published by the International Accounting Standards Board and include the additional disclosure required in accordance with the Securities Regulations (Annual Financial Statements) 5770 - 2010.

B. The preparation of interim financial statements requires Group management to exercise judgment and requires the use of accounting estimates and assumptions, which affect the application of the Group's accounting policy and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments exercised by management in applying the Group's accounting policies and the uncertainty involved in the key sources of estimates were identical to those in the Group's annual financial statements for the year ended December 31, 2025.

Delta Galil Industries Ltd.

Notes to the Condensed Financial Statements

As of June 30, 2026 (Unaudited)

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Note 3 - Summary of Significant Accounting Policies

The summary of accounting policies and calculation methods applied in the preparation of the interim financial information are consistent with those used in the preparation of the Group's annual financial statements for 2025, except as stated below.

A. Income Taxes

Income taxes for the interim period are recognized based on management's best estimate regarding the average tax rate that will apply to the total forecasted annual profits.

B. New International Financial Reporting Standards, Amendments to Standards, and New Interpretations

Within the framework of the Group's annual financial statements for 2025, information was provided regarding new International Financial Reporting Standards and amendments to existing International Financial Reporting Standards that are not yet in mandatory effect and which the Group has not chosen to adopt early. As of the approval date of these financial statements, there are no new standards or amendments to existing standards relevant to the Group that were not specified within the Group's annual financial statements for 2025.

Note 4 - Segment Reporting

A. Data Related to Business Segments:

	Brands	Private Labels	Delta Israel	Seven for all mankind	Total Reported Segments
	USD Thousands				
For the six-month period ended June 30, 2026					
Sales to external customers	344,362	397,791	205,757	108,050	1,055,960
Inter-segment	283	10,947	-	-	11,230
Total sales, net	**344,645**	**408,738**	**205,757**	**108,050**	**1,067,190**
Cost of sales	180,454	294,392	82,804	32,857	590,507
Gross profit	**164,191**	**114,346**	**122,953**	**75,193**	**476,683**
Selling and marketing expenses	126,587	41,307	94,154	57,876	319,924
Segment profits	**16,569**	**56,561**	**25,328**	**9,185**	**107,643**

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	Brands	Private Labels	Delta Israel	Seven for all mankind	Total Reported Segments
	USD Thousands				
For the six-month period ended June 30, 2026					
Change in fair value of liability for contingent consideration, net	3,436	-	-	-	3,436

For the six-month period ended June 30, 2026

Profit of reported segments	107,643	
Loss of other segments	5,999	
Total profits of segments	**101,644**	

Amounts not included in segment profits:		
Change in fair value of liability for contingent consideration, net	3,436	
Adjustments and inter-company eliminations (*)	10,397	
Operating profit	**87,811**	
Financing expenses, net	22,190	
Profit before tax	**65,621**	

Income from reported segments	1,067,190	
Income from other segments	28,649	
Adjustments and inter-company eliminations (*)	(11,230)	
Total sales, net	**1,084,609**	

Cost of sales of reported segments	590,507	
Cost of sales of other segments	12,049	
Adjustments and inter-company eliminations (*)	(9,872)	
Total cost of sales	**592,684**	

Selling and marketing expenses of reported segments	319,924	
Selling and marketing expenses of other segments	19,835	
Adjustments and inter-company eliminations (*)	-	
Total selling and marketing expenses	**339,759**	

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(*) Data for adjustments and inter-company eliminations include expenses not associated with business segments and elimination of unrealized inter-company profits.

Note 4 - Segment Reporting (Continued):

A. Data Related to Business Segments (Continued):

	Brands	Private Labels	Delta Israel	Seven for all mankind	Total Reported Segments
For the six-month period ended June 30, 2025					
					USD Thousands
Sales to external customers	296,890	380,687	160,519	101,643	939,739
Inter-segment	667	12,471	-	-	13,138
Total sales, net	**297,557**	**393,158**	**160,519**	**101,643**	**952,877**
Cost of sales	175,145	292,944	65,089	32,389	565,567
Gross profit	**122,412**	**100,214**	**95,430**	**69,254**	**387,310**
Selling and marketing expenses	110,129	33,096	69,874	54,528	267,627
Segment profits	**(7,559)**	**50,951**	**22,990**	**6,433**	**72,815**

For the six-month period ended June 30, 2025

Profit of reported segments	72,815
Loss of other segments	4,866
Total profits of segments	**67,949**

Amounts not included in segment profits :

Adjustments and inter-company eliminations (*)	4,241
Operating profit	**63,708**
Financing expenses, net	19,045
Profit before tax	**44,663**

Income from reported segments	952,877
Income from other segments	29,055
Adjustments and inter-company eliminations (*)	(13,138)
Total sales, net	**968,794**

Cost of sales of reported segments	565,567
Cost of sales of other segments	12,673

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Adjustments and inter-company eliminations (*)	(13,358)
Total cost of sales	**564,882**

Selling and marketing expenses of reported segments	267,627
Selling and marketing expenses of other segments	19,105
Adjustments and inter-company eliminations (*)	-
Total selling and marketing expenses	**286,732**

(*) Data for adjustments and inter-company eliminations include expenses not associated with business segments and elimination of unrealized inter-company profits.

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Delta Galil Industries Ltd.

Notes to the Condensed Financial Statements

As of June 30, 2026 (Unaudited)

Note 4 - Segment Reporting (Continued):

A. Data related to the operating segments (Continued):

For the three-month period ended June 30, 2026	Brands	Private Labels	Delta Israel	Seven for all mankind	Total reportable segments
	USD in thousands				
Sales to external customers	160,704	177,437	104,847	53,376	496,364
Inter-segment	197	6,474	-	-	6,671
Total sales, net	**160,901**	**183,911**	**104,847**	**53,376**	**503,035**
Cost of sales	79,665	126,591	37,087	15,696	259,039
Gross profit	**81,236**	**57,320**	**67,760**	**37,680**	**243,996**
Selling and marketing expenses	60,577	21,292	48,705	27,804	158,378
Segment profit	**10,337**	**29,260**	**17,344**	**5,764**	**62,705**
Expense from change in fair value of contingent consideration liability, net	1,957	-	-	-	1,957

For the three-month period ended June 30, 2026

Profit from reportable segments	62,705
Loss from other segments	2,393
Total segment profits	**60,312**
Amounts not included in segment profits:	
Expense from change in fair value of contingent consideration liability, net	1,957
Intercompany adjustments and cancellations (*)	5,671
Operating profit	**52,684**
Financing expenses, net	9,115
Profit before tax	**43,569**
Revenue from reportable segments	503,035
Revenue from other segments	15,272
Intercompany adjustments and cancellations (*)	(6,671)
Total sales, net	**511,636**
Cost of sales of reportable segments	259,039
Cost of sales of other segments	5,639
Intercompany adjustments and cancellations (*)	(6,207)
Total cost of sales	**258,471**

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Selling and marketing expenses of reportable segments	158,378
Selling and marketing expenses of other segments	10,809
Total selling and marketing expenses	**169,187**

(*) Intercompany adjustments and cancellations data include expenses not attributed to operating segments and the elimination of unrealized intercompany profits.

Note 4 - Segment Reporting (Continued):

B. Data related to the operating segments (Continued):

	Brands	Private Labels	Delta Israel	Seven for all mankind	Total reportable segments
For the three-month period ended June 30, 2025	**USD in thousands**				
Sales to external customers	146,917	181,787	73,255	51,486	453,445
Inter-segment	33	4,964	-	-	4,997
Total sales, net	**146,950**	**186,751**	**73,255**	**51,486**	**458,442**
Cost of sales	88,053	136,787	26,306	15,528	266,674
Gross profit	**58,897**	**49,964**	**46,949**	**35,958**	**191,768**
Selling and marketing expenses	55,839	16,350	34,370	27,609	134,168
Segment profit	**(7,643)**	**26,805**	**11,191**	**4,474**	**34,827**

For the three-month period ended June 30, 2025

Profit from reportable segments	34,827
Loss from other segments	1,596
Total segment profits	**33,231**

Amounts not included in segment profits:

Intercompany adjustments and cancellations (*)	2,203

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Operating profit	**31,028**
Financing expenses, net	9,448
Profit before tax	**21,580**
Revenue from reportable segments	458,442
Revenue from other segments	16,679
Intercompany adjustments and cancellations (*)	(4,997)
Total sales, net	**470,124**
Cost of sales of reportable segments	266,674
Cost of sales of other segments	6,953
Intercompany adjustments and cancellations (*)	(4,827)
Total cost of sales	**268,800**
Selling and marketing expenses of reportable segments	134,168
Selling and marketing expenses of other segments	10,218
Total selling and marketing expenses	**144,386**

(*) Intercompany adjustments and cancellations data include expenses not attributed to operating segments and the elimination of unrealized intercompany profits.

Delta Galil Industries Ltd.
Notes to the Condensed Financial Statements
As of June 30, 2026 (Unaudited)

Note 4 - Segment Reporting (Continued):

A. Data related to the operating segments (Continued):

For the year ended December 31, 2025	Brands	Private Labels	Delta Israel	Seven for all mankind	Total reportable segments
	USD in thousands				
Sales to external customers	696,111	764,319	379,107	221,345	2,060,882

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For the year ended December 31, 2025	Brands	Private Labels	Delta Israel	Seven for all mankind	Total reportable segments
	USD in thousands				
Inter-segment	667	22,734	-	-	23,401
Total sales, net	**696,778**	**787,053**	**379,107**	**221,345**	**2,084,283**
Cost of sales	412,104	577,038	153,110	72,240	1,214,492
Gross profit	**284,674**	**210,015**	**225,997**	**149,105**	**869,791**
Selling and marketing expenses	239,446	66,120	160,608	112,090	578,264
Segment profit	**3,702**	**112,525**	**60,294**	**21,546**	**198,067**
Impairment of non-financial assets	160	3,888	-	617	4,665
Acquisition-related expenses	1,870	-	-	-	1,870
Impairment of property, plant and equipment	-	2,712	-	-	2,712
Expense (income) from change in fair value of contingent consideration liability, net	(545)	-	-	-	(545)

Below is a reconciliation between the reportable segments and the consolidated reports data:

For the year ended December 31, 2025	
Profit from reportable segments	198,067
Loss from other segments	14,136
Total segment profits	183,931
Amounts not included in segment profits:	
Impairment of non-financial assets	4,665
Acquisition-related expenses	1,870
Impairment of property, plant and equipment	2,712
Change in fair value of contingent consideration liability, net	(545)
Intercompany adjustments and cancellations (*)	10,839
Operating profit	164,390
Financing expenses, net	39,059
Profit before tax	125,331

Revenue from reportable segments	2,084,283
Revenue from other segments	58,032
Intercompany adjustments and cancellations (*)	(23,401)
Total sales, net	2,118,914

Cost of sales of reportable segments	1,214,492
Impairment of property, plant and equipment	2,712
Cost of sales of other segments	29,166
Intercompany adjustments and cancellations (*)	(23,924)

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Total cost of sales	1,222,446

Selling and marketing expenses of reportable segments	578,264
Selling and marketing expenses of other segments	38,674
Total selling and marketing expenses	616,938

(*) Intercompany adjustments and cancellations data include expenses not attributed to operating segments and the elimination of unrealized intercompany profits.

Note 4 - Segment Reporting (Continued):

A. Data related to the operating segments (Continued):

	Brands	Private Labels	Delta Israel	seven for all mankind	Total reportable segments
For the year ended December 31, 2025	**USD in thousands**				
Assets at year end	789,673	547,312	414,857	212,990	1,964,832
Depreciation and amortization	25,773	33,361	31,369	20,855	111,358
Capital gain (loss)	880	591	(8)	(12)	1,451
Capital investments in property, plant and equipment and intangible assets (***)	31,009	41,444	15,194	3,769	91,416

Below is a reconciliation between the reportable segments and the consolidated reports data:

For the year ended December 31, 2025

Assets of reportable segments	1,964,832
Assets of other segments	45,200
Intercompany adjustments and cancellations (**)	68,986
Total assets	**2,079,018**
Depreciation and amortization in reportable segments	111,358
Depreciation and amortization in other segments	1,263
Intercompany adjustments and cancellations (*)	3,396
Total depreciation and amortization	**116,017**
Capital gain of reportable segments	1,451
Intercompany adjustments and cancellations (*)	290
Total capital gain	**1,741**

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Capital investments in property, plant and equipment and intangible assets of reportable segments	91,416
Intercompany adjustments and cancellations	16,957
Total capital investments in property, plant and equipment and intangible assets (***)	**108,373**

(*) Intercompany adjustments and cancellations data include expenses not attributed to operating segments and the elimination of unrealized intercompany profits.

(**) Adjustment data mainly include property, plant and equipment, cash balances, right-of-use assets, and deferred taxes not attributed to specific activity.

(***) These data do not include minimum amounts regarding franchise agreements to which the Company is a party, brand/activity acquisitions, and the effect of the application of IFRS 16.

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Note 4 - Segment Reporting (Continued):

A. Additional information on sales by geographic basis:

	6 months ended June 30		3 months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	(unaudited)				(audited)
	USD thousands				
United States	**529,901**	493,242	**239,210**	240,920	1,040,904
Israel	**205,217**	162,199	**104,619**	74,585	381,934
Europe (excluding Germany)	**173,580**	146,852	**84,105**	69,987	322,642
Germany	**105,890**	103,887	**48,432**	51,471	233,514
Others	**70,021**	62,614	**35,270**	33,161	139,920
Total sales	**1,084,609**	**968,794**	**511,636**	**470,124**	**2,118,914**

B. Additional information on sales by distribution channels:

	6 months ended June 30		3 months ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	(unaudited)				(audited)
	USD thousands				
Wholesale	**696,882**	650,335	**314,357**	313,005	1,388,448
Retail - stores and websites	**384,911**	315,390	**195,616**	155,453	724,785
Others	**2,816**	3,069	**1,663**	1,666	5,681
Total sales	**1,084,609**	**968,794**	**511,636**	**470,124**	**2,118,914**

Note 5 - Financial Instruments and Financial Risk Management

Fair Value Estimation Process

A. The company has several forward contracts in which it invests for the purpose of cash flow hedge and these are included under level number 2.

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In addition, the company has a derivative financial instrument measured at fair value and included under level number 2.
This derivative financial instrument includes foreign currency swap contracts and interest rate swap contracts in connection with the exchange of cash flows for BONDS issued by the company. The foreign currency swap contracts were valued using observable exchange rate data quoted in an active market. The interest rate swap contracts were valued using future interest rates based on an observable yield curve.

The main assumptions used in calculating the value of the financial derivative as of June 30, 2026 are as follows:

Market interest rates

Series	NIS	USD
A	2.85%-2.42%	4.02%-3.74%

The company's finance department uses an external appraiser to obtain a valuation of the derivative financial instrument, which is required for financial reporting.
The valuation is performed once a quarter and includes sensitivity analyses for changes in NIS and USD interest rates as well as in the exchange rate of the NIS against the USD.

B. As part of the Daily Drills (hereinafter – the acquired company) purchase agreement, an obligation was included, at fair value, for contingent consideration to the company's previous owners, which depends on achieving profitability targets in the years 2026-2029.
During the period, the company engaged with an external appraiser for a re-examination of the performance estimates of the acquired company, and accordingly, the assumptions regarding probabilities and/or the extent of realization of the contingent consideration were updated.

As a result of updating the estimates and the advancement of the time value, an increase in the fair value of the obligation for contingent consideration in the amount of 1,957 and 3,436 USD thousands was recorded in the second quarter and the first half of 2026, respectively, which was recognized under the line item expense (income) from change in fair value of obligation for contingent consideration, net in the profit and loss statement.

As of the balance sheet date, the balance of the obligation for contingent consideration amounts to a total of 16,697 USD thousands, of which a total of 7,533 USD thousands for a payment expected to be made in the first quarter of 2027 for the year 2026, classified as a current liability within the accounts payable and other credit balances item in the statement of financial position. The remaining balance of the obligation in the amount of 9,164 USD thousands is classified within the other non-current liabilities item in the statement of financial position.

Note 6 – Events During the Reporting Period

1. On January 1, 2026, the company's Board of Directors approved the allocation of 9,213 warrants and 1,269 restricted stock units for the purchase of up to 10,482 ordinary shares of the company to an employee in the company by virtue of an outline, as published on 20.12.2023 and amended on 7.1.2024 (hereinafter - the "Outline").

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The warrants will vest over a period of 3.2 years in accordance with meeting the targets set and will be exercisable, subject to their vesting, within a period of two years from their vesting date in exchange for an exercise price of 56.02 USD.

2. On February 17, 2026, the company's Board of Directors approved the allocation of 51,313 warrants and 5,810 restricted stock units for the purchase of up to 57,123 ordinary shares of the company to employees in subsidiaries by virtue of an outline, as published on 20.12.2023 and amended on 7.1.2024 (hereinafter - the "Outline").

   The warrants will vest over a period of 3 years in accordance with meeting the targets set and will be exercisable, subject to their vesting, within a period of two years from their vesting date in exchange for an exercise price of 55.23 USD.

3. On January 1, 2026, the company's Board of Directors approved the management agreement and the services agreement of the company with Delta Israel Brands Ltd. (hereinafter - Delta Brands) for an additional period of 3 years, after receiving the approval and recommendation of the Audit Committee. According to the new management agreement, which came into effect on March 1, 2026, Delta Brands will pay management fees in an amount equal to 0.8% of its total annual sales and up to an annual cap of 12 million NIS (approximately 4 million USD). These agreements were approved at the subsidiary's shareholders meeting held on March 2, 2026.

4. On June 1, 2026, the subsidiary Delta USA renewed its ongoing credit facility agreement with Valley Bank (the lead bank) and with HSBC Bank for a period of two years, ending on May 31, 2028.

   The scope of the credit facility in the new agreement is 120 million USD and it is secured by a floating charge on the customers and inventory of Delta USA and includes a requirement to comply with financial covenants.

   As of June 30, 2026, the company has not utilized any credit from the total scope of the aforementioned facility.

5. On June 8, 2026, the company's Board of Directors approved the allocation of 57,318 warrants and 4,210 restricted stock units for the purchase of up to 61,528 ordinary shares of the company to a senior officer and an employee in the company and employees in subsidiaries by virtue of an outline, as published on 20.12.2023 and amended on 7.1.2024 (hereinafter - the "Outline").

   The warrants will vest over a period of up to 3 years in accordance with meeting the targets set and will be exercisable, subject to their vesting, within a period of one year from their vesting date in exchange for an exercise price of 57.12 USD.

Note 7 - Events After the Balance Sheet Date

1. Approval of the terms of tenure and employment of the company's CEO and controlling shareholder

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On July 15, 2026, the Special General Meeting of the company's shareholders approved the terms of tenure and employment of the company's CEO and controlling shareholder, for a period of 3 years starting from May 1, 2026 and until April 30, 2029.

2. Dividend distribution

On August 4, 2026, the company's Board of Directors approved a dividend distribution in the amount of approximately 8.0 million USD, representing 30.5 cents per share. The record date for the distribution day is August 12, 2026 and the payment date will be August 19, 2026. The dividend distribution will be made according to the representative rate of the USD as published on the day preceding the payment date.

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Delta Galil Industries Ltd.

Separate financial information presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports),

1970

as of June 30, 2026

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To

The Shareholders of Delta Galil Industries Ltd.

45 Haeshel St.

Caesarea

Dear Sir/Madam,

Re: Special report for the review of the separate interim financial information according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) 1970

Introduction

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We have reviewed the separate interim financial information presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) 1970 of Delta Galil Industries Ltd. (hereinafter "the Company") as of June 30, 2026, and for the six and three-month periods then ended. The Board of Directors and Management are responsible for the preparation and presentation of this separate interim financial information in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on the separate interim financial information for these interim periods based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel regarding "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of separate interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned separate interim financial information is not prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) 1970.

Kesselman & Kesselman — Tel Aviv,

Accountant accountants — August 4, 2026

A member firm of PricewaterhouseCoopers International Limited

Delta Galil Industries Ltd.

Separate interim financial information per Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Assets and liabilities included in the condensed consolidated financial statements attributed to the owners of the Company

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	June 30		December 31
Assets	**2026**	**2025**	**2025**
	(Unaudited)		**(Audited)**
	US Dollars in thousands		
Total Current Assets:			
Cash and cash equivalents	767	455	431
Trade receivables	34,273	32,612	28,740
Other receivables and debit balances	34,624	28,332	44,130
Short-term loan and current maturity of long-term loan to a subsidiary	-	9,980	-
Derivative financial instrument	2,288	505	1,390
Inventory	90	1,686	1,776
Total current assets	**72,042**	**73,570**	**76,467**
Total Non-Current Assets:			
Investments accounted for using the equity method	3,966	872	1,258
Property, plant and equipment, net	17,009	16,678	16,455
Intangible assets, net of accumulated amortization	11,848	21,800	10,025
Right-of-use assets	5,989	7,338	6,757
Deferred tax assets	7,000	6,658	6,408
Derivative financial instrument	5,002	1,956	3,202
Total non-current assets	**50,814**	**55,302**	**44,105**
Total assets	**122,856**	**128,872**	**120,572**
Net amount attributed to total assets, of the parent company less total liabilities, presented in the consolidated financial statements in respect of investees, including goodwill	**1,128,774**	**1,043,395**	**1,133,632**
Total assets attributed to the owners of the Company	**1,251,630**	**1,172,267**	**1,254,204**

Noam Lautman	**Isaac Dabah**	**Yaniv Benedek**
Chairman of the Board of Directors	CEO	CFO

Date of approval of the financial data by the Company's Board of Directors: August 4, 2026

The accompanying notes are an integral part of the condensed financial statements

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Delta Galil Industries Ltd.

Separate interim financial information per Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Assets and liabilities included in the condensed consolidated financial statements attributed to the owners of the Company

	June 30		December 31
	2026	2025	2025
	(Unaudited)		(Audited)
	US Dollars in thousands		
Liabilities and Equity			
Current liabilities:			
Short-term credit from banks	67,523	1,213	96,341
Current maturities of long-term loans from banking corporations	20,120	20,251	20,288
Current maturities of BONDS	33,471	31,289	31,625
Derivative financial instrument	-	228	-
Current maturities of lease liabilities	1,839	1,627	1,763
Trade payables and service providers	65,061	66,286	55,790
Income tax payable	1,439	6,085	7,465
Other payables and credit balances	21,307	33,812	24,159
Total current liabilities	**210,760**	**160,791**	**237,431**
Non-current liabilities:			
Loans from banking corporations	88,279	108,771	97,613
Liabilities for employee termination benefits, net	165	169	147
Lease liabilities	7,447	7,759	7,623
Other non-current liabilities	383	1,077	504
BONDS	39,947	67,661	38,274
Total non-current liabilities	**136,221**	**185,437**	**144,161**
Total liabilities	**346,981**	**346,228**	**381,592**
Total equity attributed to the owners of the Company	**904,649**	**826,039**	**872,612**
Total liabilities and equity	**1,251,630**	**1,172,267**	**1,254,204**

The accompanying notes are an integral part of the condensed financial statements

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Delta Galil Industries Ltd.

Separate interim financial information according to Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970

Report on Comprehensive Income in the consolidated financial statements attributed to the owners of the Company

	6 months ended		3 months ended		Year
	on June 30		on June 30		ended
	2026	2025	2026	2025	on December 31
	(Unaudited)				2025
					(Audited)
USD thousands					
Sales	136,089	148,995	68,974	71,906	297,424
Cost of sales	108,341	108,048	55,027	48,377	214,332
Gross profit	**27,748**	**40,947**	**13,947**	**23,529**	**83,092**
Selling and marketing expenses	12,887	11,254	6,197	5,313	25,484
General and administrative expenses	11,574	7,823	5,348	3,589	15,702
Other expenses (income), net	(704)	1,922	(286)	2,271	1,286
Share in losses of a held company accounted for using the equity method	462	318	244	127	823
Operating profit	**3,529**	**19,630**	**2,444**	**12,229**	**39,797**
Finance expenses, net	5,640	2,001	2,951	987	8,047
Profit (loss) before taxes on income	**(2,111)**	**17,629**	**(507)**	**11,242**	**31,750**
Taxes on income	474	5,160	623	2,946	11,001
Profit (loss) for the period	**(2,585)**	**12,469**	**(1,130)**	**8,296**	**20,749**
Net amount, attributed to the owners of the Company, of total income less total expenses, presented in the consolidated financial statements regarding held companies	48,164	18,802	31,315	6,756	64,142
Total profit for the period attributed to the owners of the Company	**45,579**	**31,271**	**30,185**	**15,052**	**84,891**
Items that will not be reclassified to profit or loss:					
Remeasurements of liabilities for termination of employee-employer relationships	-	-	-	-	377
Tax effect on income	-	-	-	-	(109)
	-	-	-	-	**268**
Items that may be reclassified to profit or loss:					
Cash flow hedge	2,814	(11,091)	351	(10,401)	(6,504)
Tax effect on income	(226)	2,551	(28)	2,392	1,141
	2,588	**(8,540)**	**323**	**(8,009)**	**(5,363)**
Total other comprehensive profit (loss) for the period, net of tax, attributed to the owners of the Company	**2,588**	**(8,540)**	**323**	**(8,009)**	**(5,095)**

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	6 months ended		3 months ended		Year
	on June 30		on June 30		ended
	2026	2025	2026	2025	on December 31
	(Unaudited)				2025
					(Audited)
USD thousands					
Net amount, attributed to the owners of the Company, of other comprehensive profit (loss) items, presented in the consolidated financial statements regarding held companies	(65)	40,997	4,890	32,558	46,191
Total other comprehensive profit (loss) for the period, attributed to the owners of the Company	**2,523**	**32,457**	**5,213**	**24,549**	**41,096**
Total comprehensive profit for the period, attributed to the owners of the Company	**48,102**	**63,728**	**35,398**	**39,601**	**125,987**

The accompanying notes form an integral part of the condensed financial statements

Delta Galil Industries Ltd.

Separate interim financial information according to Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970

Cash flows included in the consolidated condensed financial statements attributed to the owners of the Company

	6 months ended on June 30		3 months ended on June 30		Year ended on December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
	USD thousands				
Cash flows from operating activities:					
Profit for the period	45,579	31,271	30,185	15,052	84,891
Adjustments required to reflect cash flows from operating activities	(21,212)	(3,674)	(21,945)	6,775	(42,040)
Interest paid in cash, net	(7,192)	(6,176)	(2,375)	(1,970)	(13,026)
Taxes on income paid in cash, net	(7,091)	(4,141)	(712)	(1,786)	(11,038)

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	6 months ended on June 30		3 months ended on June 30		Year ended on December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
	USD thousands				
Net cash provided by operating activities	**10,084**	**17,280**	**5,153**	**18,071**	**18,787**
Cash flows from investing activities:					
Repayment of capital notes provided to subsidiaries (provision of capital notes to subsidiaries), net	(6,450)	4,620	(2,250)	(1,151)	14,620
Purchase of property, plant and equipment and intangible assets	(8,366)	(8,540)	(2,789)	(4,394)	(18,627)
Proceeds from sale of property, plant and equipment	-	2,421	-	848	2,421
Dividend from subsidiaries	20,080	10,038	3,486	3,264	30,809
Net cash flows from investing activities regarding loans to consolidated companies and from consolidated companies	39,828	(3,344)	36,176	(8,537)	(61,299)
Net cash provided by (used in) investing activities	**45,092**	**5,195**	**34,623**	**(9,970)**	**(32,076)**
Cash flows from financing activities:					
Repayment of long-term loans from banking corporations	(9,051)	(8,704)	(1,821)	(1,732)	(19,903)
Repayment of BONDS principal	-	-	-	-	(31,202)
Dividend paid	(18,021)	(18,020)	(7,999)	(7,997)	(34,016)
Short-term credit from banking corporations, net	(28,818)	1,213	(30,475)	1,211	96,341
Repayment of lease liabilities	(932)	(640)	(481)	(402)	(1,514)
Others	2,721	142	1,629	142	142
Net cash provided by (used in) financing activities	**(54,101)**	**(26,009)**	**(39,147)**	**(8,778)**	**9,848**
Net increase (decrease) in cash and cash equivalents	**1,075**	**(3,534)**	**629**	**(677)**	**(3,441)**

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	6 months ended on June 30		3 months ended on June 30		Year ended on December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
	USD thousands				
Effect of exchange rate changes on cash and cash equivalents	**(739)**	**(323)**	**(486)**	**(185)**	**(440)**
Balance of cash and cash equivalents at beginning of period	**431**	**4,312**	**624**	**1,317**	**4,312**
Balance of cash and cash equivalents at end of period	**767**	**455**	**767**	**455**	**431**

The accompanying notes form an integral part of the condensed financial statements

Delta Galil Industries Ltd.

Separate interim financial information according to Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970

Cash flows in the condensed consolidated financial statements attributed to the owners of the Company (Continued):

	6 months ended on June 30		3 months ended on June 30		Year ended on December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
USD thousands					
Adjustments required to reflect cash flows from operating activities:					
Income and expenses not involving cash flows:					
Depreciation and amortization	2,601	2,172	1,368	996	4,456
Company's share in profits of held companies	(48,164)	(18,802)	(31,315)	(6,756)	(64,142)
Losses from exchange rate differences	739	323	486	185	440
Interest paid in cash, net	7,058	6,023	2,321	1,704	12,732
Taxes on income paid in cash, net	7,091	4,141	712	1,786	11,038
Deferred income taxes, net	(592)	(898)	(277)	(862)	(648)

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	6 months ended on June 30		3 months ended on June 30		Year ended on December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
USD thousands					
Interest expenses recognized regarding lease agreements	134	153	54	266	294
Liabilities for termination of employee-employer relationships, net	18	-	10	-	(22)
Capital loss (gain) from sale of property, plant and equipment, net	-	(334)	-	4	(334)
Benefit component regarding warrants and restricted stock units granted to employees	696	492	255	359	471
Interest and exchange rate differences regarding loans to held companies, net	(2,870)	(7,499)	(1,393)	(4,787)	(9,750)
Share in losses of held company accounted for using the equity method	462	318	244	127	823
Other	(520)	(909)	(2,029)	(161)	(1,168)
	(33,347)	**(14,820)**	**(29,564)**	**(7,139)**	**(45,810)**
Changes in operating assets and liabilities:					
Decrease (increase) in trade receivables	(5,533)	8,510	(998)	8,309	12,382
Decrease (increase) in debtors and other debit balances	16,955	(2,527)	6,532	(2,229)	2,904
Increase (decrease) in trade payables and service providers	8,941	(6,545)	(344)	(8,036)	(15,323)
Increase (decrease) in creditors and other credit balances	(9,914)	11,686	1,980	15,835	3,875
Decrease (increase) in inventory	1,686	22	449	35	(68)
	12,135	**11,146**	**7,619**	**13,914**	**3,770**
	(21,212)	**(3,674)**	**(21,945)**	**6,775**	**(42,040)**

The accompanying notes form an integral part of the condensed financial statements

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Selected notes and additional information to the separate financial information provided per Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970

Note 1 - Basis of preparation of the separate financial information provided per Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970

A. Definitions:

'The Company' - Delta Galil Industries Ltd.

'The separate interim financial information' - separate interim financial information provided per Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970.

Unless stated otherwise, all terms provided in the separate interim financial information are as defined in the condensed consolidated financial statements of the Company as of June 30, 2026, and for the six and three-month periods then ended (hereinafter - the condensed consolidated interim reports).

'Held company' - a subsidiary or an associate or a jointly controlled entity/company.

'Intercompany transactions' - transactions of the Company with subsidiaries or with jointly controlled companies.

'Intercompany balances', 'intercompany income and expenses', 'intercompany cash flows' - balances, income or expenses and cash flows, as applicable, arising from intercompany transactions, which were eliminated in the consolidated reports.

B. Main principles of preparation of the separate financial information:

The separate financial information was prepared in accordance with Regulation 38d of the Securities Regulations (Periodic and Immediate Reports) 1970 (hereinafter - the Periodic Reports Regulations). In accordance with said regulation, an interim report shall include, alongside the review of the auditing accountant, financial data from the corporation's consolidated reports for the interim period, as stated in Regulation 9c of the Periodic Reports Regulations (hereinafter - Regulation 9c), with the necessary changes.

Accordingly, the separate interim financial information includes financial data from the Company's condensed consolidated financial statements as of June 30, 2026, and for the six and three-month periods then ended (hereinafter - the condensed consolidated interim financial statements), attributed to the Company itself as a parent company. The separate interim financial information should be read together with the Company's separate financial information as of December 31, 2025, and for each of the three years in the period then ended (hereinafter - the Company's 2025 separate financial information), and the accompanying notes, which were prepared in accordance with Regulation 9c of the Periodic Reports Regulations, including the details stated in the Tenth Schedule of said regulations, and subject to the clarifications in the 'Clarification regarding a separate financial report of the corporation' published on the Securities Authority's website on January 24, 2010, referring to the implementation of said regulation and schedule (hereinafter - the Authority's Clarification).

The main accounting policies and calculation methods implemented in preparing the separate interim financial information are consistent with those used in preparing the Company's 2025 separate financial information and which were detailed therein. The separate interim financial information is reviewed and unaudited.

The separate interim financial information does not constitute financial statements, including separate financial statements, prepared and presented in accordance with International Financial Reporting Standards (IFRS Accounting Standards) in general, and the provisions of International Accounting Standard 27 - 'Consolidated and Separate Financial Statements' in particular, nor does it constitute interim financial information prepared according to International Accounting Standard 34 - 'Interim Financial Reporting'.

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Delta Galil Industries Ltd.

Selected Notes and Additional Information to the Separate Financial Information presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Note 1 - Method of Preparing the Separate Financial Information presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 (continued):

However, the accounting policy detailed in Note 3 to the condensed consolidated interim financial statements, regarding the main accounting policies, and the manner in which the financial data was classified within the condensed consolidated interim financial statements, were applied for the purpose of presenting the separate interim financial information, with the necessary changes resulting from the aforementioned regarding the main accounting policies and calculation methods applied in preparing the separate interim financial information.

Note 2 - Ties, Engagements, Loans, Investments and Material Transactions between the Company and its Held Companies

1) Transactions with held companies

In the reported periods, the Company performed sales and purchase transactions as well as charges for other services provided/received from its subsidiaries, held by the Company, at market prices under accepted credit terms ranging between 30 and 90 credit days.

2) Balance of loans to held companies

	June 30		December 31
	2026	2025	2025
	(Unaudited)		(Audited)
	Thousands of Dollars		
Loans granted to held companies:	66,878	117,049	112,910

Loans granted to held companies, most of which are denominated in Dollars and bear market interest.

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Part C

Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure, pursuant to Regulation 38C of the Securities Regulations (Periodic and Immediate Reports), 1970

The management under the supervision of the Board of Directors of Delta Galil Industries Ltd. (hereinafter – the Corporation), is responsible for determining and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

In this regard, the members of management are:

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1. Isaac Dabah, CEO, Head of Brand Activities Segment and Director;
2. Yaniv Benedek, CFO;
3. Inbar Schwartz, Chief Growth Officer;
4. Sasha Gomez, Head of Seven for all mankind Segment;
5. Gil Shimon, Head of Private Label Segment;
6. Anat Bogner, CEO of subsidiary - Delta Israel Brands Ltd.;
7. Riki Aloni, VP Human Resources;
8. Adi Nov, VP Information Systems;
9. Miki Laxer, VP Finance and Company Secretary;

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, designed by the CEO and the most senior officer in the finance field or under their supervision, or by whoever actually performs the said functions, under the supervision of the Corporation's Board of Directors, and which are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in the reports it publishes according to the provisions of the law is collected, processed, summarized and reported on the date and in the formats set by law.

Internal control includes, among other things, controls and procedures designed to ensure that information the Corporation is required to disclose as aforesaid, is accumulated and transferred to the Corporation's management, including the CEO and the most senior officer in the finance field or whoever actually performs the said functions, in order to allow decision-making at the appropriate time, with respect to disclosure requirements.

Due to its structural limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that a misleading presentation or omission of information in the reports will be prevented or discovered.

In the annual report on the effectiveness of internal control over financial reporting and disclosure which was attached to the Periodic report for the period ended December 31, 2025 (hereinafter – the last Periodic Report on Internal Control), the Board of Directors and management evaluated the internal control in the Corporation; based on this evaluation, the Board of Directors and the Corporation's management reached the conclusion that the internal control as aforesaid, for June 30, 2026, is effective;

Until the date of the report, no event or matter has been brought to the attention of the Board of Directors and management that would change the evaluation of the effectiveness of internal control, as presented within the last Periodic Report on Internal Control.

As of the date of the report, based on the evaluation of the effectiveness of internal control in the last Periodic Report on Internal Control, and based on information brought to the attention of management and the Board of Directors as mentioned above, the internal control is effective.

Based on the evaluation of effectiveness performed by management under the supervision of the Board of Directors as detailed above, the Board of Directors and management of the Corporation reached the conclusion that the internal control over financial reporting and disclosure in the Corporation as of June 30, 2026, is effective.

Managers' Declarations:

(1a) Declaration of CEO pursuant to Regulation 38C(d)(1)

Managers' Declaration

Declaration of CEO

I, Isaac Dabah, declare that:

1.

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I have reviewed the quarterly report of Delta Galil Industries Ltd. (hereinafter – the Corporation) as of June 30, 2026 (hereinafter – the Reports);

2. To my knowledge, the Reports do not contain any untrue statement of a material fact, and do not lack a statement of a material fact necessary so that the statements included therein, in light of the circumstances under which such statements were included, will not be misleading with respect to the period of the Reports;

3. To my knowledge, the financial statements and other financial information included in the Reports fairly reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods to which the Reports relate;

4. I have disclosed to the Corporation's auditing accountant, to the Board of Directors and to the Audit and Financial Statement Committees of the Corporation, based on my most recent evaluation of internal control over financial reporting and disclosure:

   a. All significant deficiencies and material weaknesses in the determination or operation of internal control over financial reporting and disclosure which could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial information in a manner that casts doubt on the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and –

   b. Any fraud, whether material or not, involving the CEO or those directly reporting to him or involving other employees who have a significant role in internal control over financial reporting and disclosure;

5. I, alone or together with others in the Corporation:

   a. Determined controls and procedures, or ensured the determination and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Corporation and in the consolidated companies, particularly during the preparation period of the Reports; and –

   b. Determined controls and procedures, or ensured the determination and existence under my supervision of controls and procedures, designed to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with accepted accounting principles;

   c. No event or matter has been brought to my knowledge that occurred during the period between the date of the last report (hereinafter - the Periodic report for 2025) and the date of this report, which would change the conclusion of the Board of Directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the Corporation.

Nothing in the above shall derogate from my responsibility or the responsibility of any other person, according to any law.

August 4, 2026 — Isaac Dabah – CEO

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(b) Declaration of the most senior officer in the field of finance according to Regulation 38C(d)(2)

Managers' Declaration

Declaration of the most senior officer in the field of finance

I, Yaniv Benedek, declare that:

1. I have reviewed the interim financial statements and the other financial information included in the interim reports of Delta Galil Industries Ltd. (hereinafter – the Corporation) as of June 30, 2026 (hereinafter – the Reports or the Interim Reports);

2. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports do not include any misrepresentation of a material fact, and do not lack a representation of a material fact necessary so that the representations included in them, in light of the circumstances in which those representations were included, will not be misleading with respect to the reporting period;

3. To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports fairly reflect, in all material respects, the financial position, results of operations, and cash flows of the Corporation for the dates and periods to which the reports refer;

4. I have disclosed to the Corporation's auditing accountant, to the Board of Directors, and to the Audit and Financial Statements Committees of the Corporation, based on my most recent assessment regarding the internal control over financial reporting and disclosure:

   a. All significant deficiencies and material weaknesses in the determination or operation of internal control over financial reporting and disclosure, as far as it relates to the interim financial statements and other financial information included in the interim reports, which could reasonably adversely affect the Corporation's ability to collect, process, summarize, or report financial information in a manner that casts doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and –

   b. Any fraud, whether material or not, involving the CEO or those directly reporting to him, or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

5. I, alone or together with others in the Corporation:

   a. I have established controls and procedures, or ensured their establishment and existence under our supervision, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Corporation and the consolidated companies, particularly during the period of preparation of the reports; and –

   b. I have established controls and procedures, or ensured their establishment and existence under my supervision, designed to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with accepted accounting principles;

   c. No event or matter has come to my attention that occurred during the period between the date of the last report (hereinafter – the Periodic report for the year 2025) and the date of this report, relating to the interim financial statements and any other financial information included in the interim reports, which would change, in my assessment, the conclusion of the Board of Directors and management regarding the effectiveness of the internal control over financial reporting and disclosure of the Corporation.

Nothing in the above shall detract from my responsibility or the responsibility of any other person, under any law.

_____ _____

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Yaniv Benedek – CFO

August 4, 2026