

# WELCOME TO 2021 RECORD RESULTS

February 2022

האמור במצגת בכל הקשור לניתוח פעילותיה של החברה הינו תמצית בלבד. המצגת עשויה לכלול מידע המוצג באופן שונה מהאופן שבו הוצג בדיווחי החברה לציבור עד כה, כך שבמצגת עשויים להיכלל נתונים המוצגים באופן ו/או אפיון ו/או בעריכה ו/או בפילוח שונים מאלה שהוצגו בדוחותיה, במצגות החברה או בדיווחיה בעבר, כאשר נתונים אלה נכונים למועד הצגתם בלבד. על מנת לקבל תמונה מלאה של פעילות החברה ושל הסיכונים עימם מתמודדת החברה, יש לעיין בדיווחיה השוטפים של החברה לרבות בדוח השנתי לתקופה שהסתיימה ביום 31 בדצמבר 2021.

העובדות והנתונים ששימשו בסיס למידע המפורט במצגת זו מבוססים על מידע כפי שהוא ידוע לחברה במועד הכנת מצגת זו, ובכלל זה נתונים שפורסמו על ידי גופים חיצוניים לחברה, אשר תוכנם לא נבדק על ידי החברה באופן עצמאי ולפיכך החברה אינה אחראית לנכונותם. מצגת זו אינה מהווה תחליף לבחינת דיווחיה הציבוריים של החברה, לרבות הדוחות הכספיים שלה, לפני קבלת החלטה כלשהי באשר לניירות הערך של החברה.

האמור במצגת זו כולל גם מידע צופה פני עתיד, כהגדרתו בחוק ניירות ערך, כגון תחזיות, מטרות, הערכות, אומדנים ומידע אחר המתייחסים לאירועים ועניינים עתידיים, שהתממשותם אינה ודאית ואינה בשליטת החברה. מידע צופה פני עתיד אינו מהווה עובדה מוכחת והוא מבוסס אך ורק על הערכה סובייקטיבית של החברה במועד הכנת המצגת.

המידע הצופה פני עתיד הכלול במצגת עשוי שלא להתממש, כולו או חלקו, או להתממש באופן שונה מכפי שנצפה, לרבות עקב השפעת גורמים שאינם בשליטת החברה ואשר לא ניתן להעריכם מראש, ובכלל זאת שינוי באיזה מגורמי הסיכון הרלוונטיים לפעילות החברה, התפתחויות בסביבה הכלכלית ובגורמים החיצוניים המשפיעים על החברה, לרבות השלכות השפעת נגיף הקורונה, כך, למשל, המשך התפשטות הנגיף והשפעותיו, החלטות של מדינות ורשויות שלטוניות בארץ ובעולם על דרך טיפול בנגיף, התנהגות לקוחות וצרכנים כתוצאה מהמצב ושינויים נוספים שינבעו מהאמור, עלולים אף הם להשפיע על החברה ועל תוצאותיה, באופן שונה מהותית ממה שהיא מעריכה במצגת. החברה אינה מחויבת בעדכון או שינוי כל תחזית או הערכה הכלולים במצגת זו כאמור על מנת שישקפו אירועים או נסיבות שיחולו לאחר מועד המצגת. לפיכך, קוראי מצגת זו מוזהרים, כי התוצאות וההישגים בפועל של החברה בעתיד עלולים להיות שונים באופן מהותי מאלה שהוצגו במצגת זו, ויש לקחת בחשבון כי נתוני עבר אינם מצביעים בהכרח על ביצועים בעתיד.

בהעדר אינדיקציה אחרת, הנתונים הכספיים הנכללים במצגת זו מתייחסים לרבעון רביעי המסתיים בחודש דצמבר 2021.

# Strong Finish to a Record Year: 6 Quarters of Record Profitability

## Q4 2021

### REVENUES

**\$578.0M**  
+26%

### EBIT\*

**\$64.7M**  
+36%

### NET PROFIT\*

**\$45.5M**  
+\$18.2M

### GROSS MARGIN

**40.1%**

### EBIT MARGIN\*

**11.2%**  
+80 BPS

### EBITDA MARGIN\*\*

**13.0%**

\* Before one time items    \*\* Excluding IFRS16 Impact.

The numbers are rounded







# 2021 Highlights

## Business fundamentals continue to strengthen




- We delivered exceptional strong revenue growth of 35%
- We exceeded the high-end of our guidance
- Gross margin at record level of 39.8%, +410 BPS above 2019
- EBIT and EBIT margin at an all time highs, driven by higher sales in all segments, Gross Margin improvement and SG&A leverage
- Net income\* up 106% from 2019. Earnings per share\* went up from \$2.36 to \$4.44 in 2021.
- Delta Israel, Brands and Private Label segments saw record level of sales in 2021
- Net debt\*\* of \$95.2M - It's the lowest level in 6 years
- Record Dividend payment of \$10.0M for Q4 and \$25.5M for the year

# Q4 2021 Financial Highlights vs. Q4 2020


## SALES/PROFIT

Total Sales <span>★</span>	Gross Profit <span>★</span>	EBIT <sub>(BOT)</sub> <span>★</span>	Own Web Site
Vs. Q4 2020	Increased from	Increased from	
\$578.0 M  26%	\$184.4 M  \$231.9 M	\$47.7 M  \$64.7 M	Decreased YoY  -12%

## PROFIT/MARGINS

Gross Margin	Operating Margin <sub>(BOT)</sub> <span>★</span>	EBITDA <sub>(BOT)</sub> <span>★</span>	Net Income <sub>(BOT)</sub> <span>★</span>
Flat to prior year	Increased from	Increased from	Increased from
40.1% 40.1%	10.4%  11.2%	\$55.6 M  \$75.0 M	\$27.3 M  \$45.5 M

## KEY FINANCIAL INDICATORS

CF <sub>(BOT)</sub> <span>★</span>	CAPEX	Cash	Diluted EPS <sub>(BOT)</sub> <span>★</span>
Decreased from	Increased from	Increased from	Increased from
\$75.6 M  \$57.8 M	\$8.8 M  \$11.5 M	\$231.7 M  \$236.0 M	\$1.08 M  \$1.60 M

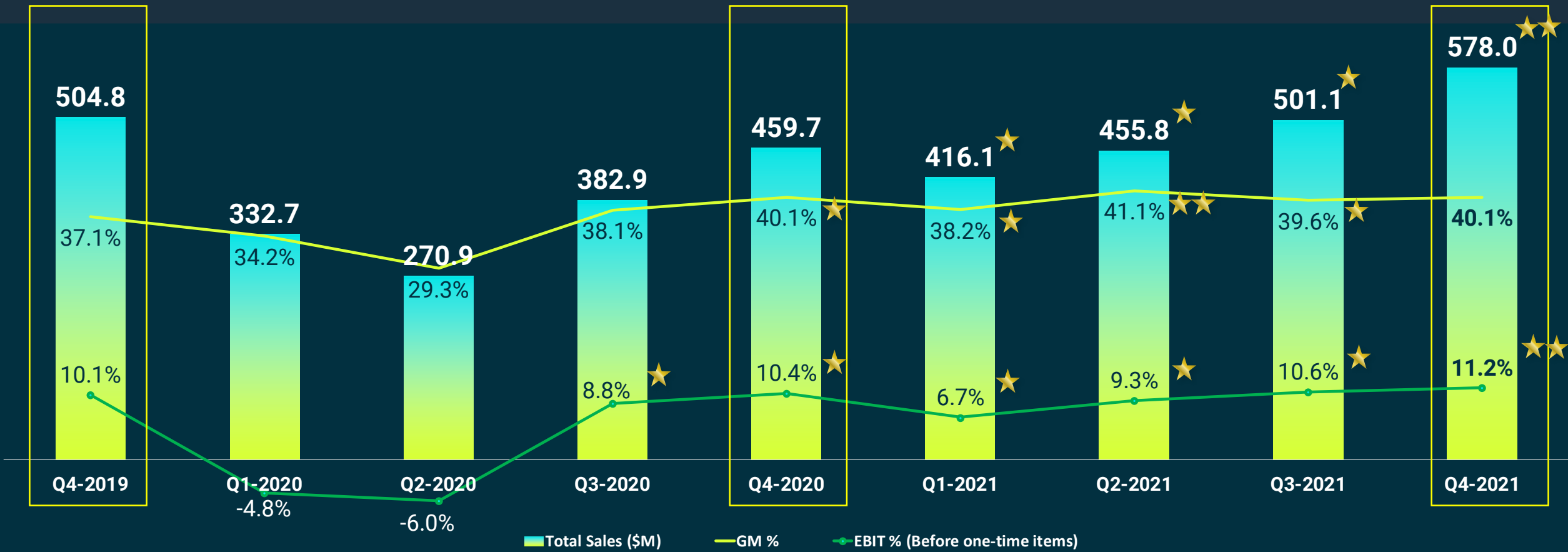
# FY 2021 Financial Highlights vs. FY 2020

SALES	<b>Total Sales</b> ★	<b>Organic Sales*</b>	<b>Sales in Original Currency</b>	<b>Own Web Site</b>
	<small>Vs. 2020</small>	<small>Vs. 2020</small>	<small>Vs. 2020</small>	
	\$1,951.0 M ↑ 35%	\$1,865.3 M ↑ 29%	\$1,921.4 M ↑ 33%	Increased YoY ↑ 66%
PROFIT/MARGINS	<b>Gross Margin</b> ★	<b>Operating Margin (BOT)</b> ★	<b>EBITDA (BOT)**</b> ★	<b>Net Income (BOT)</b> ★
	<small>Increased from</small>	<small>Increased from</small>	<small>Increased from</small>	<small>Increased from</small>
	36.2% ↑ 39.8%	3.4% ↑ 9.6%	\$81.1 M ↑ \$223.0 M	\$3.8 M ↑ \$124.2 M
KEY FINANCIAL INDICATORS	<b>CF (BOT)** (A)</b>	<b>Net Debt / EBITDA (BOT)**</b> ★	<b>Days of Inventory</b>	<b>Days of Sales</b> ★
	<small>Decreased from</small>	<small>Decreased from</small>	<small>Increased from</small>	<small>Decreased from</small>
	\$161.6 M ↓ \$120.8 M	2.9 ↓ 0.4	95 ↑ 103	39 ↓ 31
KEY FINANCIAL INDICATORS	<b>Equity / BS</b>	<b>CAPEX</b>	<b>Cash</b>	<b>Diluted EPS (BOT)</b> ★
	<small>Increased from</small>	<small>Increased from</small>	<small>Increased from</small>	<small>Increased from</small>
	28.2% ↑ 36.6%	\$25.2 M ↑ \$34.5 M	\$231.7 M ↑ \$236.0 M	\$0.18 M ↑ \$4.44 M



# Quarterly Trend Analysis

- Organic revenue up 10% vs. Q4-19
- 4 consecutive quarters of record quarterly sales
- 6 consecutive quarters of record quarterly operating margin
- Strong Gross Margin despite raw materials & logistics costs increase



★★ Record level   ★ Record for Quarter

# 2021 Gross Margin Expansion Drivers

Due to focused strategy and continued efficiency measures

## BETTER MIX IMPACT

High margin  
customers

More profitable  
channels

High margin products  
& categories

Bare Necessities

## OPERATIONAL

Increased  
production  
volume

Strong same store  
sales growth

Controlled pricing

Efficiency  
improvement plan

## EXTERNAL FACTORS

Foreign exchange  
impact

Increased raw  
materials & logistics  
costs

Continued COVID  
disruption





# Q4 UPDATE BY SEGMENT





# Brands Segment

Our Brands Segment includes a comprehensive portfolio of top intimate apparel and activewear brands

(\$M)	Q4 2020	Q4 2021	Var vs. Q4 2020
SALES	181.3	199.5	10%
EBIT	22.4	24.4	9%
EBIT%	12.3%	12.2%*	(0.1%)

## Q4 2021 vs Q4 2020

**Sales** increased by 10%, driven by all channels

**EBIT** increased from \$22.4M to \$24.4M, driven by:

- Higher revenue with higher GM, mainly due to higher selling prices, and favorable channel mix, partially offset by higher shipping costs
- EBIT margin at the same level due to Adidas and Wolford startup costs. Excluding these costs, EBIT% is up to 13.3%\*

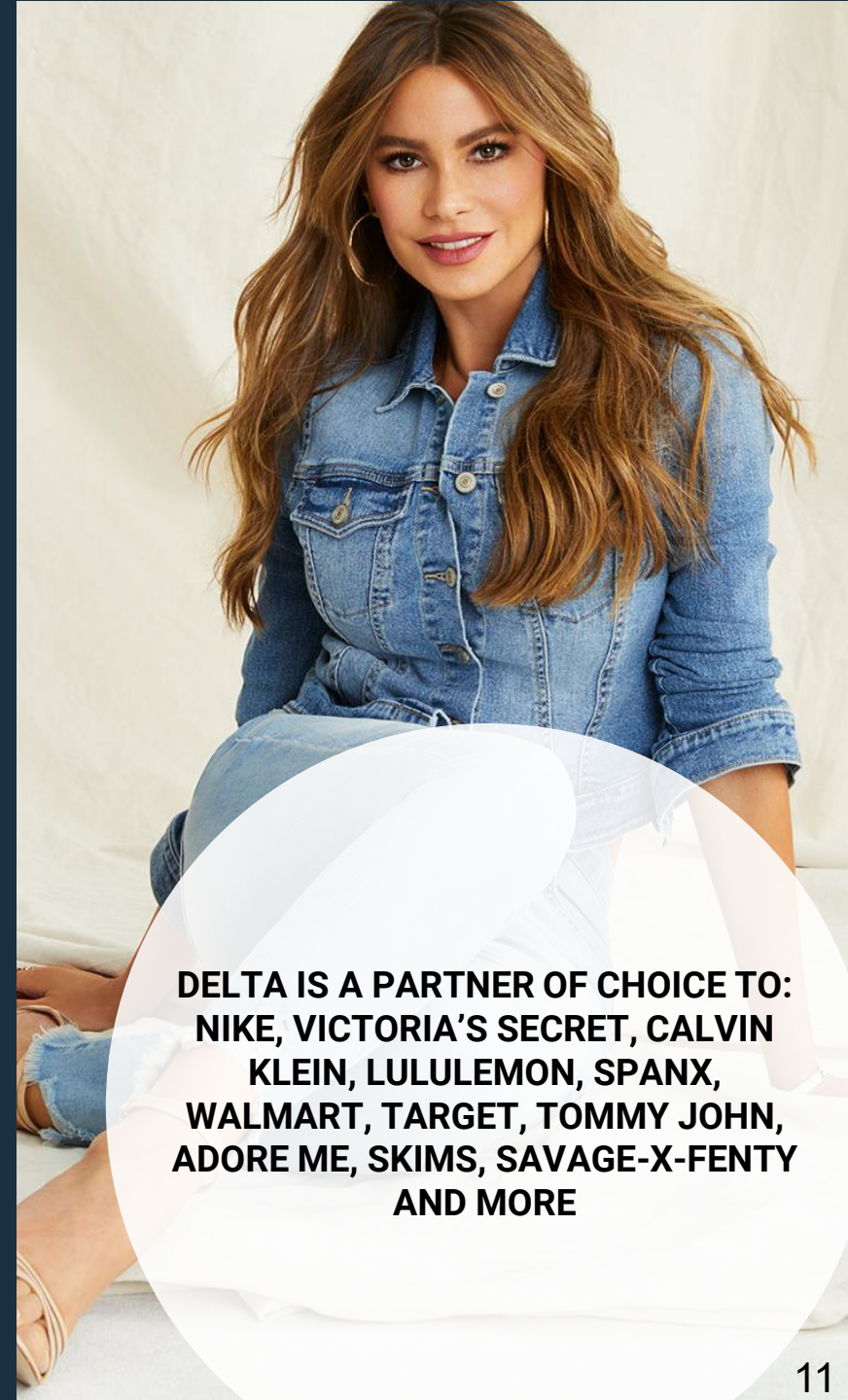
**OWNED:**  
MAINLY: SCHIESSER, EMINENCE,  
SPLENDID, PJ SALVAGE

**LICENSED:**  
CALVIN KLEIN,  
TOMMY HILFIGER,  
COLUMBIA,  
ADIDAS, WOLFORD AND MORE

# Private Label Segment

Fully vertical from innovative design to distribution for leading brands & retailers

- Performance socks business **continues to trend well with significant growth opportunities**
- Continued strong **growth with pure digital customers led by Skims & Savage- x- Fenty**
- **Supporting growth and robust demand** by expanding our factories
- **Strong growth opportunities** with Walmart and Target
- **New category penetration** at Victoria's Secret, Athleta and Old Navy
- **Strong backlog for H1-2022**
- **Rich pipeline of new exciting customers** such as: Tom Brady, Nautica, Hanky-Panky, J-Crew, Champion & Aerie



**DELTA IS A PARTNER OF CHOICE TO:  
NIKE, VICTORIA'S SECRET, CALVIN  
KLEIN, LULULEMON, SPANX,  
WALMART, TARGET, TOMMY JOHN,  
ADORE ME, SKIMS, SAVAGE-X-FENTY  
AND MORE**



# Private Label Segment

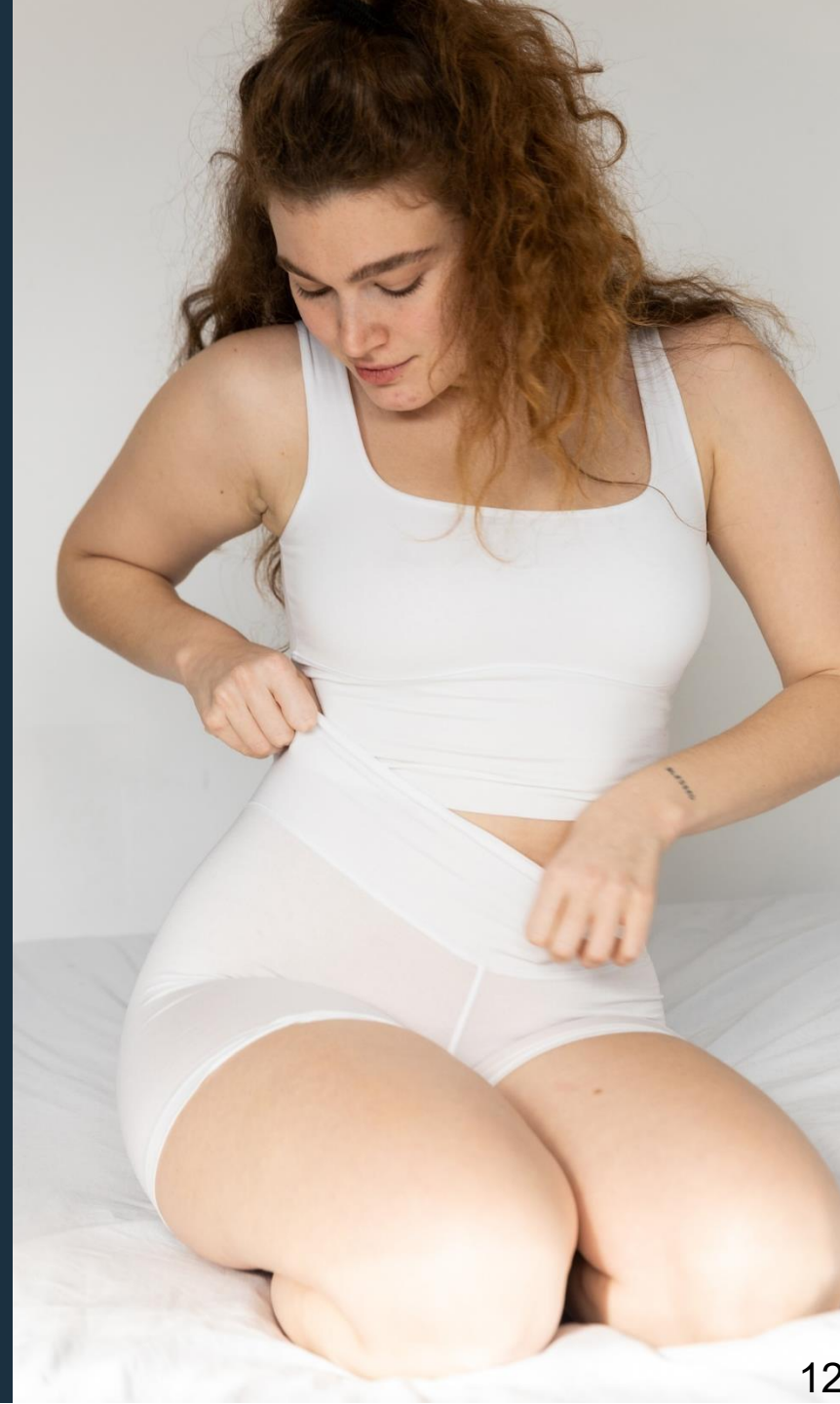
(\$M)	Q4 2020	Q4 2021	Var vs. Q4 2020
SALES	138.6	203.4	47%
EBIT	10.2	19.0	85%
EBIT%	7.4%	9.3%	1.9%

## Q4 2021 vs Q4 2020

**Sales** increased 47% to \$203.4M, driven by socks and pure digital customers

**EBIT** increased from \$10.2M to \$19.0M, driven by:

- Increased sales and production volume
- Higher margin customer mix
- Partially offset by an increase in freight & raw material costs



# Seven For All Mankind

We recently **consolidated US and Europe operations** under one global leader while introducing an exciting new global collection

(\$M)	Q4 2020	Q4 2021	Var vs. Q4 2020
SALES	46.2	62.2	34%
EBIT	(0.2)	7.5	
EBIT%	(0.5%)	12.1%	12.6%

## Q4 2021 vs Q4 2020

**Sales** increased by 34%, mainly driven by higher retail sales in US & EU with strong same stores increase

**EBIT** increased significantly, mainly driven by:

- Revenue increase with GM improvement, mainly due to less promotions
- Operating expense reduction following consolidation of US & EU operations
- Growth opportunities when travel and traffic get back to pre-COVID levels

THE FOUNDER OF AMERICAN  
PREMIUM DENIM, THE BRAND  
THAT FOREVER CHANGED THE WAY  
PEOPLE THINK ABOUT DENIM

OPERATES IN SPACE WHICH IS POISED  
TO GROW DUE TO THE SHIFT TO  
CASUALWEAR

MARKETED THROUGH DTC AND  
WHOLESALE CHANNELS GLOBALLY



# Delta Israel

Record level of sales with strong profitability

Growth opportunities with Victoria's Secret franchise and Panta Rei, the new sportswear brand

(\$M)	Q4 2020	Q4 2021	Var vs. Q4 2020
SALES	71.0	95.7	35%
EBIT	16.3	21.3	30%
EBIT%	23.0%	22.2%	(0.7%)

## Q4 2021 vs Q4 2020

**Sales** increased by 35% in USD (or 28% in NIS), driven by Retail & Wholesale channels, partially offset by a decrease in Online due to COVID store closures in 2020.

Stores comp up 6.8% vs Q4 2019

**EBIT** increased from \$16.3M to \$21.3M, due to higher sales and SG&A leverage, partially offset by GM reduction due to shipping cost increase, net of favorable ex-rate impact & product mix

THE LEADING ISRAELI INTIMATE  
APPAREL COMPANY FOR THE FAMILY (DELTA)  
AND TEENAGERS (FIX)

205 STORES, DIGITAL AND  
WHOLESALE CHANNELS

IPO MARCH 2021 (TASE: DLT, MARKET CAP:  
~\$595M AS OF FEBRUARY 13, 2022)

# Online Retailer

(\$M)	Q4 2020	Q4 2021	Var vs. Q4 2020
SALES	24.9	22.1	(11%)
EBIT	(0.2)	(2.6)	
EBIT%	(0.8%)	(11.9%)	(11.1%)

## Q4 2021 vs Q4 2020

**Sales** decreased by \$2.8M, mainly due to not comping increase in prior year from COVID impacted categories

**EBIT** decreased by \$2.4M, mainly due to write-off of intangibles following merging of Brayola, and costs associated with the launch of our owned brand 'Bare' in Q2 2022

### **Additional growth initiatives:**

- Re-branding the website including updated layout, content and features
- Launching loyalty program
- Continue to enhance Digital ID to further personalize her experience



INDEPENDENT DIGITAL  
PLATFORM ACQUIRED IN  
OCTOBER 2020

MULTI BRANDED ONLINE  
INTIMATE APPAREL RETAILER  
OFFERING LEADING BRANDS FOR  
WOMEN OF ALL AGES AND SIZES

MERGED BRAYOLA'S DIGITAL  
TECH & SOCIAL COMMERCE  
EXPERTISE

INTRODUCING DELTA'S OWN  
BRANDS IN Q2 2022



# Optimizing Strong Balance Sheet

\$ in millions

## \$236.0M

Cash balance

## \$95.2M

Net debt (Reduced By \$141.1M)  
Net Debt/EBITDA\* ratio of 0.4

## \$649.2M

Equity

	Dec. 31 2020	% OF TOTAL	Dec. 31 2021	% OF TOTAL
CASH AND CASH EQUIVALENTS	231.7	14%	236.0	13%
INVENTORY	291.7	17%	395.2	22%
OTHER CURRENT ASSETS	258.8	15%	258.5	15%
<b>TOTAL CURRENT ASSETS</b>	<b>782.2</b>	<b>46%</b>	<b>889.7</b>	<b>50%</b>
NON CURRENT ASSETS	910.1	54%	885.2	50%
<b>TOTAL ASSETS</b>	<b>1,692.3</b>	<b>100%</b>	<b>1,774.8</b>	<b>100%</b>
CURRENT LIABILITIES	521.6	31%	547.6	31%
DEBENTURES	316.8	19%	176.3	10%
OTHER NON-CURRENT LIABILITIES	377.5	22%	401.7	23%
<b>TOTAL LONG TERM LIABILITIES</b>	<b>694.3</b>	<b>41%</b>	<b>578.1</b>	<b>33%</b>
EQUITY	476.4	28%	649.2	37%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,692.3</b>	<b>100%</b>	<b>1,774.8</b>	<b>100%</b>

The numbers are rounded

\*Excluding IFRS16

# Exceeded High End of Guidance

\$ in millions

	2021 ACTUAL	2021 GUIDANCE	% INCREASE 2021 vs. HIGH-END GUIDANCE
Sales	1,951.0	1,900-1,940	0.6%
EBIT*	188.1	180 - 186	1.1%
EBITDA*	286.8	280 - 286	0.3%
Net Income*	124.2	113 - 117	6.2%
Diluted EPS* (\$)	4.44	4.00 - 4.15	7.0%

\*Before one time items, includes IFRS 16 impact

# Strategically Positioned to Deliver Strong Organic Growth



**We are a GLOBAL LEADER  
across categories that are  
growing faster than the  
broader apparel markets**

## Key Attributes:

- Consistent growth
- Non-cyclical
- Limited fashion risk
- Replenishable core programs

### TOTAL ADDRESSABLE MARKET AND GROWTH

#### WOMEN'S INTIMATES\*

**\$80B**

Global Retail Sales

**5%**

2021E – 2025E  
Growth

#### MEN'S INTIMATES\*

**\$34B**

Global Retail Sales

**5%**

2021E – 2025E  
Growth

#### ACTIVEWEAR\*

**\$197B**

Global Retail Sales

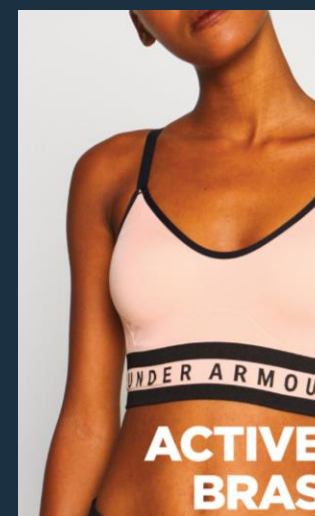
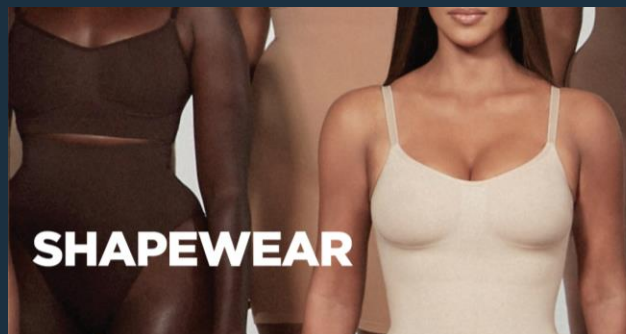
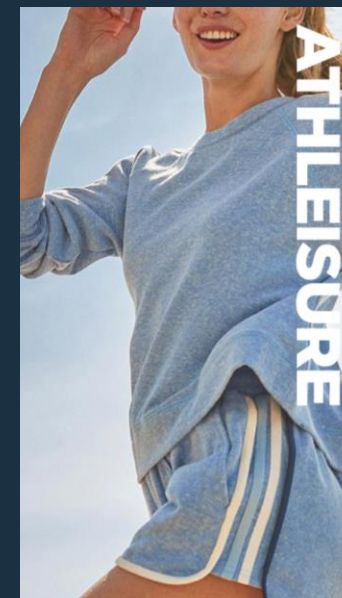
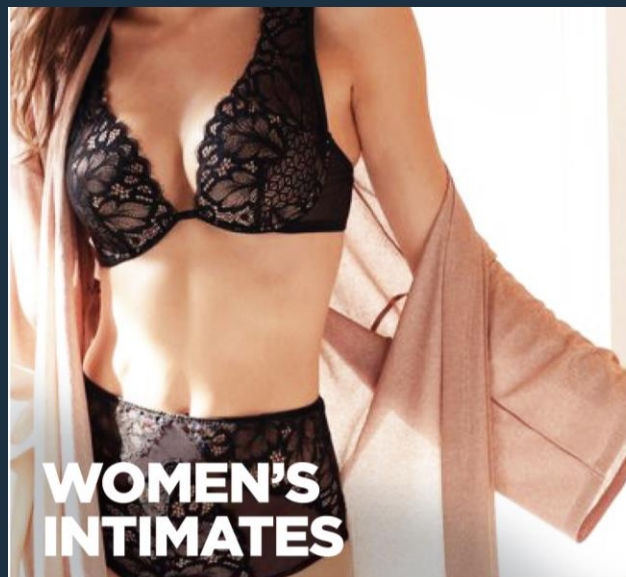
**7%**

2021E – 2025E  
Growth

\*Euromonitor April 2021



# Leadership Position Across Broad Product Categories



# Robust Digital Ecosystem

- Growth in Delta Galil's digital capabilities is central to our overall business strategy-Medium-term target to drive 35% of branded sales through the channel
- Company-wide focus on expanding leading technological and data-driven infrastructure to better engage with and expand-our customer base and enhance customer experience

## TOOLS

Advanced analytics  
Artificial intelligence  
Real-time data

## TACTICS

Adjust to changing preferences  
Personalization  
Data-driven marketing  
Loyalty programs  
Traffic optimization

- Digital as cornerstone for building out omni-channel ecosystem to seamlessly integrate brand experience, interaction, and offerings across online and offline channels
- Social media a key part of strategy to drive customer engagement rates and traffic

## OWNED WEB STORES

### BARE NECESSITIES

*Splendid\**

*for all mankind*

P.J.Salvage®

Delta

fix

Eminence  
POUR HOMME

ATHENA

### SCHIESSER

*Liabel*

# COVID winding down positive impact

- Increased tourism / traffic in stores
- Increased production capacity  
& fixed costs leverage
- Reduction of logistic costs and delays





# Raising Lower end of 2022 Profitability Guidance

\$ in millions

	2021 ACTUAL	2022 PREVIOUS GUIDANCE	2022 PREVIOUS GUIDANCE VS. 2021	2022 UPDATED GUIDANCE	2022 UPDATED GUIDANCE VS. 2021
<b>Sales</b>	1,951.0	2,082 - 2,135	7% - 9%	<b>2,082 - 2,135</b>	<b>7% - 9%</b>
<b>EBIT*</b>	188.1	204 - 220	8% - 17%	<b>210 - 220</b>	<b>12% - 17%</b>
<b>EBITDA*</b>	286.8	306 - 322	7% - 12%	<b>312 - 322</b>	<b>9% - 12%</b>
<b>Net Income*</b>	124.2	133 - 145	7% - 17%	<b>138 - 145</b>	<b>11% - 17%</b>
<b>Diluted EPS* (\$)</b>	4.44	4.63 - 5.09	4% - 15%	<b>4.80 - 5.09</b>	<b>8% - 15%</b>

\*Before one time items, includes IFRS 16 impact

# 2021 IFRS 16 impact

\$ in millions

<b>EBIT</b>	12.2
<b>EBITDA</b>	63.8
<b>Net income</b>	2.2

A photograph of three women of different ages and ethnicities laughing together. The woman on the left is a Black woman with a large afro, wearing a white sports bra. The woman in the middle is a white woman with grey hair, wearing a black sports bra. The woman on the right is a young woman with brown hair, wearing a beige sports bra. They are all smiling and laughing, creating a warm and joyful atmosphere. The background is slightly blurred, suggesting an outdoor setting.

THANK YOU

DELTA GALIL   
INDUSTRIES LTD.