VGR

// Q2 2026

GILDAN®

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VGR MARKET INTELLIGENCE

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01

Executive Summary

Net sales rose $664.0m: the HanesBrands perimeter added $799.1m and trading against the combined 2025 base took away $135.1m, a 7.9% decline

Gildan reported net sales from continuing operations of $1,582.5m for the second quarter, 72.3% above the prior year and in line with its own guidance of approximately $1.6bn. Adjusted operating income was $352.3m, up 68.8%, and adjusted diluted earnings per share from continuing operations were $1.28, up 32.0%. Free cash flow in the quarter was $326.4m. The group reported a net loss of $50.0m, against net earnings of $137.9m a year earlier, after a $153.0m impairment of HanesBrands Australia, which it agreed to sell the same day. The company guided full-year revenue to the low end of its $6.0bn to $6.2bn range and raised its adjusted margin, earnings and free cash flow guidance.

HanesBrands was acquired on 1 December 2025, so the second quarter of 2025 contains no HanesBrands revenue — the company states that results from the HanesBrands operations "were therefore not included in the Company's results in respect of prior financial years or interim periods". Gildan publishes one like-for-like base, proforma net sales from continuing operations, which combines both businesses in 2025 and deducts HanesBrands Australia and the Champion transition service agreement. On that base the second quarter of 2025 was $1,717.6m. Reported net sales rose $664.0m. Moving the base from $918.5m to $1,717.6m accounts for $799.1m, or 87.0 percentage points of the 72.3% increase. The combined business then traded $135.1m below its own combined base, or −14.7 percentage points. The perimeter is 120.3% of the increase; trading is −20.3% of it.

Expressed as a rate, net sales fell 7.9% against the combined base in the quarter and 8.7% across the half. The company puts a percentage on the wholesale decline, −5.8%, and gives the retail proforma base of $901m in dollars, but does not state the consolidated like-for-like rate. VGR computes it at −7.9%: retail −9.7%, wholesale −5.8%. The third-quarter results will show whether this reverses: third-quarter net sales guidance of approximately $1.65bn against a proforma third quarter of $1,610.2m implies a return to growth of 2.5%.

Removing the $25m tariff refund, the adjusted gross margin rose 138 basis points and the adjusted operating margin fell 204

The company reports an adjusted gross margin of 34.5% against 31.5%, a 300 basis point improvement, and an adjusted operating margin of 22.3% against 22.7%, down 40 basis points. It also discloses that the quarter's gross margin carries "an approximate $25 million benefit... from a Phase I tariff refund under U.S. Customs and Border Protection's refund process". On net sales of $1,582.5m that refund is 158 basis points. Removing it, the adjusted gross margin was 32.9% against 31.5%,

an improvement of 138 basis points rather than 296, and the adjusted operating margin was 20.7% against 22.7%, a decline of 204 basis points rather than 46.

The difference is operating expense. Adjusted selling, general and administrative expenses rose from 8.8% of net sales to 12.2%, an increase of 342 basis points, which the company attributes to HanesBrands' "historically higher levels of SG&A relative to Gildan" and to the amortisation and depreciation arising from the purchase-price allocation. The two movements reconcile exactly: 138 basis points of underlying gross margin gain less 342 basis points of additional operating expense gives the 204 basis point underlying decline, with nothing left over. Retail, the channel HanesBrands brings, was 14.9% of net sales a year ago and is 51.4% now.

One item moves the other way and is not quantified. The company credits the same quarter with a subsidy under the Barbados Economic Diversification and Growth Fund, "which was retroactive to 2025", recorded in SG&A. The amount is not disclosed in the release or in the interim statements. The 204 basis point underlying decline is therefore the figure as the company reports it net of that subsidy; without the subsidy it would be larger. The third-quarter release will settle the direction: the adjusted gross margin and the adjusted SG&A ratio, reported side by side as they are here, against 26% adjusted operating margin guidance.

Net debt rose $271.8m in the half, and the approximately $490m Australian proceeds cover 27.8% of the reduction needed to reach the 2.0 times target midpoint

Net debt was $4,688.9m at 28 June 2026 against $4,417.1m at 28 December 2025, and the net debt leverage ratio moved from 3.0 times to 3.2 times. Both sides of the ratio moved in the same direction: proforma adjusted EBITDA for the trailing twelve months fell from $1,491.1m to $1,463.8m. The covenant ratio for the U.S. private placement notes is disclosed at 3.7 times, up from 3.4 times.

The company states that the HanesBrands Australia proceeds will be used to repay debt, "accelerating Gildan's return to the midpoint of its target leverage framework of 1.5x to 2.5x". On the 28 June proforma adjusted EBITDA of $1,463.8m, the midpoint of 2.0 times implies net debt of $2,927.6m, which is $1,761.3m below where net debt stands. Approximately $490m covers 27.8% of that. It covers 47.6% of the $1,029.4m needed to reach 2.5 times, the top of the range. Applying the proceeds in full and holding the denominator still gives 2.87 times, and that is the favourable end of the bound: HanesBrands Australia's own adjusted EBITDA sits inside the $1,463.8m, by the company's own footnote, so the denominator falls with the disposal. No post-disposal pro-forma leverage ratio is published.

WHAT TO WATCH

Third-quarter results; Gildan has not yet announced the date. Net sales from continuing operations against the $1,610.2m proforma third quarter of 2025 and against the approximately $1.65bn guided. A continuation of the first half is a third

consecutive quarter below the proforma base; a break is the guided 2.5% return to growth, with both wholesale and retail growing as the company states they will.

Third-quarter results; date not yet announced. The IEEPA tariff refund recorded, against the approximately $195m of the guided $220m that has not yet been taken, and the adjusted SG&A ratio in the same quarter. The company says a portion equivalent to the non-recurring benefit will be reinvested. A continuation is a refund landing in gross margin with the SG&A ratio rising to match; a break is the refund arriving without the offsetting spend, or arriving smaller than guided.

Third-quarter results; date not yet announced. Net debt, the net debt leverage ratio and whether the HanesBrands Australia sale has closed. A continuation is leverage at or above 3.2 times with the sale still pending; a break is a completed disposal with net debt below $4.2bn and a published post-disposal pro-forma ratio.

Third-quarter results; date not yet announced. Nine-month free cash flow against the approximately $1.0bn full-year guidance, measured on the same basis the company uses, which includes discontinued operations. Half-year free cash flow was $16.6m, 1.7% of the full-year figure. A continuation is nine-month free cash flow still below $300m; a break is above $500m.

VGR will publish the Q3 2026 analysis when the figures are released.

02 · THE PERIOD IN FIGURES

The period in figures

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GILDAN ACTIVEWEAR INC. · TSX/NYSE: GIL · SECOND QUARTER 2026 · USD AS PUBLISHED

FINANCIAL YEAR ENDS 3 JANUARY 2027 · PERIOD ENDED 28 JUNE 2026 · REPORTED 30 JULY 2026 · ANALYSIS 30 SEPTEMBER 2026



NET REVENUES	GROSS PROFIT	OPERATING PROFIT	NET PROFIT
+72.3%	**+88.5%**	**+68.8%**	**−34.4%**
1,582.5 vs 918.5	545.4 vs 289.4	352.3 vs 208.7	90.4 vs 137.9

GROSS MARGIN	OPERATING MARGIN	RoS
34.5%	**22.3%**	**5.7%**
from 31.5%	from 22.7%	from 15.0%

$m, quarter against the same quarter a year earlier; continuing operations; gross and operating profit adjusted as reconciled by the company; the group net result including discontinued operations was a loss of $50.0m

Primary source: Gildan Activewear Inc., "Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia", SEC Form 6-K Exhibit 99.1, CIK 0001061894, with the interim financial statements at Exhibit 99.2. US dollars as published, no conversion applied. The percentage changes, the margin rates and the return on sales above are VGR arithmetic on the disclosed figures.

Reported and on the VGR basis, side by side

The left-hand columns are the company's. The right-hand column is the basis this analysis is conducted on: continuing operations throughout, measured against the company's own proforma 2025 combination where a like-for-like reading is required, and with the disclosed $25m tariff refund removed from the margin lines.

MEASURE	Q2 2026	Q2 2025	VGR BASIS AND READING
Net sales	1,582.5	918.5	+72.3% reported; −7.9% against the proforma base of 1,717.6
Wholesale	769.4	781.4	−1.5% reported; −5.8% against proforma 816.7 (company-disclosed)

MEASURE	Q2 2026	Q2 2025	VGR BASIS AND READING
Retail	813.1	137.1	n.m. reported; −9.7% against proforma 900.9
Gross profit	459.8	289.4	adjusted 545.4 vs 289.4; 520.4 vs 289.4 ex-refund
Adjusted gross margin	34.5%	31.5%	32.9% ex-refund; +138bp, against +296bp
Adjusted SG&A ratio	12.2%	8.8%	+342bp; HanesBrands SG&A and acquisition amortisation
Operating income	175.9	199.5	adjusted 352.3 vs 208.7
Adjusted operating margin	22.3%	22.7%	20.7% ex-refund; −204bp, against −46bp
Adjusted EBITDA	420.6	246.3	margin 26.6% vs 26.8%, −24bp
Financial expenses, net	69.3	32.0	+116.6%; 19.7% of adjusted operating income vs 15.3%
Net earnings — continuing	90.4	137.9	−34.4%; RoS 5.7% vs 15.0%
Net earnings — discontinued	**(140.4)**	—	the $153.0m HAA impairment and the $12.6m Champion Japan loss
Total net earnings (loss)	**(50.0)**	137.9	the result the company reports at group level
Diluted EPS — continuing	$0.49	$0.91	adjusted $1.28 vs $0.97; $1.17 ex the disclosed $0.11 refund
Free cash flow	326.4	154.0	half-year 16.6; includes discontinued operations
Net debt	4,688.9	—	4,417.1 at 28 Dec 2025; +271.8 in the half
Net debt leverage ratio	3.2x	—	3.0x at 28 Dec 2025; proforma EBITDA fell 1.8%

Source: Gildan Activewear Inc., “Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia”, 30 July 2026, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026. Columns marked VGR are VGR arithmetic on the disclosed figures.

Dollar amounts in millions unless stated. The comparison throughout this document is the same quarter of the prior year, never the sequential quarter, because that is the basis the company reports on.

03 · THE RESTATEMENT BRIDGE · BLOCK N

Five items govern comparability. Each is set out with the company's own words and applies to every comparison that follows.

ITEM	WHAT THE COMPANY DISCLOSES	EFFECT ON COMPARABILITY
Perimeter	HanesBrands acquired 1 December 2025; results "were therefore not included in the Company's results in respect of prior financial years or interim periods"	The entire reported increase. Restated in section 04.
Discontinued operations	HanesBrands Australia classified as held for sale from the acquisition date, "a component business acquired with a view to be resold"; Champion Japan sold 15 June 2026	Net sales, margins and EPS exclude both. The group net result does not.
Cash flow perimeter	"The cash flows related to discontinued operations have not been segregated"	Operating cash flow, capex and free cash flow include HanesBrands Australia while every income line excludes it. The two halves of the release are on different perimeters.
Channel definition	"effective the first quarter of fiscal 2026, the Company has transitioned from disclosing net sales for Activewear and Innerwear to providing the same information on a Retail and Wholesale basis"; comparatives recast	No channel series survives from before Q1 2026. Material at any size by definition.
Calendar	"The Company's fiscal year ends on the Sunday closest to December 31 of each year"; quarter ended 28 June 2026 against 29 June 2025	Both quarters are 91 days. No trading-day distortion. Fiscal 2026 ends 3 January 2027 on the company's own convention.

Source: Gildan Activewear Inc., "Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia", 30 July 2026, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026. Columns marked VGR are VGR arithmetic on the disclosed figures.

The proforma base itself carries two deductions, both disclosed and both quantified: HanesBrands Australia net sales of $162.3m in the second quarter of 2025 and Champion transition service agreement revenue of $29.9m, which the company describes as not recurring. The base used in section 04 is after both.

One restatement is not available. The proforma basis is revenue only. The company publishes no proforma gross profit, operating income or margin for 2025, so no like-for-like margin comparison is calculable from the disclosure. Every margin in this

document is reported 2026 against reported 2025, with the perimeter change inside it, and that limitation is stated wherever a margin is compared.

04 · GROWTH COMPOSITION · BLOCK A

The Growth Composition Index splits reported revenue growth into its sources, in percentage points of the prior-year base. The five sum to reported growth. Where a component is not disclosed it is shown as not disclosed rather than folded into a residual.

SOURCE OF GROWTH	$M	PERCENTAGE POINTS	BASIS
Currency	not disclosed	not disclosed	Gildan publishes no constant-currency rate. 90.9% of net sales are United States.
Perimeter	+799.1	+87.0	VGR: proforma Q2 2025 of 1,717.6 less reported Q2 2025 of 918.5
Selling space	not applicable	not applicable	No owned store estate is disclosed. See section 05.
Trading against the combined base	**−135.1**	**−14.7**	VGR: reported Q2 2026 of 1,582.5 less proforma Q2 2025 of 1,717.6
Sell-in and other	—	—	Not separable. The company attributes the decline to inventory reduction reducing sell-in, the non-recurrence of pre-buying and market softness, none of them quantified.
Reported growth	+664.0	+72.3	VGR: 1,582.5 less 918.5, on the 918.5 base

Source: Gildan Activewear Inc., “Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia”, 30 July 2026, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026. Columns marked VGR are VGR arithmetic on the disclosed figures.

The perimeter is 120.3% of the increase and trading is −20.3% of it. Read as a rate, the combined business declined 7.9% against its own combined base. Across the half the decline is 8.7%: net sales of $2,748.4m against a proforma first half of $3,011.1m.

CHANNEL	Q2 2026	PROFORMA Q2 2025	VGR CHANGE	SHARE OF Q2 2026 NET SALES
Wholesale	769.4	816.7	**−5.8%**	48.6%

CHANNEL	Q2 2026	PROFORMA Q2 2025	VGR CHANGE	SHARE OF Q2 2026 NET SALES
Retail	813.1	900.9	**−9.7%**	51.4%
Total	1,582.5	1,717.6	**−7.9%**	100.0%

Source: Gildan Activewear Inc., “Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia”, 30 July 2026, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026. Columns marked VGR are VGR arithmetic on the disclosed figures.

The wholesale rate of −5.8% is the company’s own. The retail rate and the consolidated rate are VGR arithmetic on the company’s disclosed proforma dollars. Retail is the larger of the two channels, at 51.4% of net sales against 14.9% a year ago, and it is the faster-declining of the two on the combined base. It was already the larger channel in the first quarter: VGR derives Q1 2026 retail at $613.9m against wholesale of $552.0m by subtracting the second quarter from the half. No earlier crossover point is calculable, because the channel split does not exist before Q1 2026.

Geographically the business is a United States business. The United States was $1,438.6m of $1,582.5m, or 90.9% of net sales, against 89.9% a year ago. Canada was 2.7% and international 6.4%. The concentration rose with the acquisition.

05 · THE ESTATE · BLOCK B

Not applicable. Gildan is a vertically integrated manufacturer selling through wholesale distributors and to retailers; it discloses no owned store estate, no selling area and no store count. Retail, in Gildan's definition, is "sales to mass merchants, department stores, national chains, specialty retailers, online retailers and directly to consumers", which defines a customer type. The manufacturing footprint is the equivalent asset base, and the company discloses that it "completed our initial supply chain footprint rationalization" without quantifying capacity, closures or headcount. Property, plant and equipment fell from $1,467.7m to $1,323.0m across the half, a decline of $144.7m or 9.9%, against half-year capital expenditure of $51.4m, which is consistent with the $81.0m of non-cash write-downs recognised in restructuring.

06 · MARGIN ARCHITECTURE · BLOCK C

The bridge below is stated twice: as the company reports it, and with the one quantified non-recurring item removed from both years. Only one item in the quarter is quantified, so only one can be removed; the others the company names are listed beneath and are not sized in the disclosure.

MARGIN LINE	Q2 2026	Q2 2025	VGR MOVEMENT
Gross margin, as reported	29.1%	31.5%	−245bp
Adjusted gross margin, as the company reports it	34.5%	31.5%	+296bp
Adjusted gross margin, less the $25m tariff refund	32.9%	31.5%	+138bp
Adjusted SG&A as a share of net sales	12.2%	8.8%	+342bp
Adjusted operating margin, as the company reports it	22.3%	22.7%	−46bp
Adjusted operating margin, less the $25m tariff refund	20.7%	22.7%	−204bp

Source: Gildan Activewear Inc., "Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia", 30 July 2026, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026. Columns marked VGR are VGR arithmetic on the disclosed figures.

The underlying arithmetic closes without a residual: +138 basis points of gross margin less 342 basis points of operating expense is −204 basis points, which is the underlying operating margin movement exactly. Nothing else of size moved between gross profit and operating profit in the quarter.

The company names five causes of the adjusted operating margin decline and its partial offsets: “HanesBrands’ lower operating margins due to historically higher levels of SG&A relative to Gildan and a net headwind (inclusive of tariff refunds) from International Emergency Economic Powers Act (IEEPA) tariffs, partly offset by a favourable contribution from the EDGF subsidy, lower raw material costs and pricing initiatives”. Of those five, one is quantified anywhere in the release — the $25m tariff refund. The Barbados subsidy, the raw material movement and the pricing effect are not sized, and the size of the HanesBrands mix effect is not separable because the company reports one operating segment.

Across the half the same removal gives an adjusted operating margin of 18.0% against 21.1%, a decline of 314 basis points, against the 220 basis points the company reports. Adjusted EBITDA margin fell 24 basis points in the quarter, from 26.8% to 26.6%, and 194 basis points across the half, from 25.3% to 23.3%.

One adjustment has a stated end. The inventory fair value step-up recognised in cost of goods sold under IFRS 3 was $85.6m in the quarter and $191.9m across the half, and the company states that “the residual step up cost, of $10 million, is expected to turn over within approximately two months”. From the fourth quarter of 2026 the gap between reported and adjusted gross margin closes on this account. The restructuring charge carries no such stated end.

07 · INVENTORY AND THE MARKDOWN CYCLE · BLOCK D

Inventories fell from $2,370.2m to $2,168.3m across the half, a reduction of $201.9m or 8.5%, which the company describes as “a proactive, temporary reduction of inventory across our combined customer channels, resulting in reduced sell-in”. The company presents the reduction as deliberate and as a cause of the revenue decline.

MEASURE	Q2 2026	BASIS AND LIMITATION
Days inventory outstanding	190.3 days	VGR: inventories of 2,168.3 over adjusted cost of sales of 1,037.1, times 91 days. Adjusted cost of sales removes the $85.6m step-up, which is a purchase-accounting entry and not a cost of production.
Days sales outstanding	61.9 days	VGR: trade receivables of 1,076.4 over net sales of 1,582.5, times 91 days
Days payable outstanding	90.6 days, bounded	VGR: accounts payable AND accrued liabilities of 1,032.1 over adjusted cost of sales. The company does not split payables from accruals, so this is an upper bound on true DPO.
Cash conversion cycle	161.6 days, bounded	VGR: 190.3 plus 61.9 less 90.6, inheriting the DPO bound
Year-on-year movement in all four	not calculable	The release carries no interim balance sheet at 29 June 2025. Comparison is available only against 28 December 2025, a different point in the seasonal cycle and a different cost base.

Source: Gildan Activewear Inc., unaudited condensed interim consolidated financial statements, three and six months ended 28 June 2026 (SEC Form 6-K, Exhibit 99.2). Columns marked VGR are VGR arithmetic on the disclosed figures.

The inventory and margin readings point in different directions. Inventory fell 8.5% while the underlying adjusted gross margin rose 138 basis points, a combination consistent with a reduction made without markdown clearance. Against that, receivables rose $120.7m or 12.6% over the same half in which like-for-like sales fell 8.7%. The company offers no explanation for the receivables movement and no ageing disclosure accompanies it. VGR records this as noted, not material, pending the third-quarter balance sheet.

No markdown, discount or sell-through disclosure exists. Gildan publishes no unit volumes, no average selling price and no price-versus-mix decomposition, so the pricing initiatives it credits in three separate paragraphs cannot be sized from the disclosure.

08 · WORKING CAPITAL, CASH AND CAPITAL STRUCTURE · BLOCKS E AND F

Half-year free cash flow was $16.6m. Full-year guidance is approximately $1.0bn. The half is 1.7% of the year. The quarter itself produced $326.4m, so the shortfall is in the first quarter. Approximately $983m has to arrive in the second half, of which approximately $195m is the unreceived portion of the guided tariff refund, a cash receipt rather than trading cash flow.

WORKING CAPITAL LINE	28 JUN 2026	28 DEC 2025	VGR CHANGE
Inventories	2,168.3	2,370.2	**−201.9, −8.5%**
Trade accounts receivable	1,076.4	955.7	+120.7, +12.6%
Accounts payable and accrued liabilities	1,032.1	1,264.2	**−232.1, −18.4%**
Cash and cash equivalents	268.3	284.5	**−16.2**
Change in non-cash working capital, half-year	(210.2)	(265.1)	company-disclosed, cash outflow both years

Source: Gildan Activewear Inc., unaudited condensed interim consolidated financial statements, three and six months ended 28 June 2026 (SEC Form 6-K, Exhibit 99.2). Columns marked VGR are VGR arithmetic on the disclosed figures.

The inventory release did not convert into cash in the half. The $201.9m taken out of inventory was more than offset by a $232.1m fall in payables and accrued liabilities, and receivables absorbed a further $120.7m. Operating cash flow across the half was $68.0m, against $46.0m a year earlier, and the free cash flow guidance rests on the second half.

CAPITAL STRUCTURE LINE	28 JUN 2026	28 DEC 2025	VGR READING
Current portion of long-term debt	945.2	450.0	+495.2, +110.0%
Long-term debt, non-current	3,585.9	3,863.7	−277.8
Net increase in commercial paper drawings, half-year	495.2	—	exactly equal to the increase in the current portion

CAPITAL STRUCTURE LINE	28 JUN 2026	28 DEC 2025	VGR READING
Net decrease in bank credit facility drawings, half-year	**(240.0)**	—	company-disclosed
Total current liabilities	2,348.2	2,235.7	against cash of 268.3
Net debt	4,688.9	4,417.1	+271.8
Net debt leverage ratio	3.2x	3.0x	proforma EBITDA fell from 1,491.1 to 1,463.8
Private placement note covenant ratio	3.7x	3.4x	the highest of the three published measures

Source: Gildan Activewear Inc., unaudited condensed interim consolidated financial statements, three and six months ended 28 June 2026 (SEC Form 6-K, Exhibit 99.2). Columns marked VGR are VGR arithmetic on the disclosed figures.

The $495.2m increase in the current portion of long-term debt is exactly the disclosed net increase in commercial paper drawings over the same half, against a $240.0m net repayment of the committed bank facility. Committed facility borrowing has been substituted with commercial paper, which is short-dated and sits in current liabilities. Cash interest paid rose from $50.1m to $132.7m across the half. Adjusted EBITDA covered net financial expenses 6.07 times in the quarter against 7.70 times a year ago.

09 · CAPITAL ALLOCATION AND RETURNS · BLOCK G

Three claims on capital were made in the half and all three are disclosed. The dividend was maintained: $0.249 per share declared for the quarter, payable 14 September 2026, with $92m returned across the half. Share repurchases remain paused, and the company states they will resume “when its net debt leverage ratio approximates the midpoint of our target leverage framework”, which section 01 sizes at $1,761.3m of deleveraging from the current position. Capital expenditure was $51.4m, against full-year guidance of approximately 3% of net sales, or approximately $180m on $6.0bn — implying approximately $129m in the second half, some two and a half times the first-half rate.

CAPITAL ITEM	AMOUNT	DISPOSITION
HanesBrands acquisition consideration	$2,169.7m	$122.7m cash net of cash acquired, $2,014.6m in shares, $32.4m equity awards. Diluted share count rose 22.8% year on year.
Goodwill recognised	$573.1m	after a measurement-period reduction of $24.1m in the half
Intangible assets recognised	$2,777.7m	carrying $2,993.0m of group intangibles at 28 June 2026
HanesBrands Australia impairment	**$153.0m**	written down to fair value less costs to sell; 31.2% of the ~$490m enterprise valuation announced
Champion Japan disposal	**$12.6m**	carrying value written off in full; no proceeds received; $21.9m of cash left with the business
Dividends, half-year	$92m	maintained at $0.249 per share for the quarter
Share repurchases	nil	paused since the acquisition closed

Source: Gildan Activewear Inc., unaudited condensed interim consolidated financial statements, three and six months ended 28 June 2026 (SEC Form 6-K, Exhibit 99.2). Columns marked VGR are VGR arithmetic on the disclosed figures.

Total equity attributable to shareholders fell from $3,562.2m to $3,340.6m across the half, a decline of $221.6m or 6.2%, with retained earnings down $267.9m. The reduction is the half-year net loss of $115.7m and the dividend, partly offset by $68.0m of other comprehensive income, most of it cash flow hedges.

Incremental return on the acquisition is not calculable from this disclosure. The company reports one operating segment and does not disclose the HanesBrands

revenue or profit contribution in the current period, so no return on the $2,169.7m consideration can be computed. The only route the disclosure offers is the prior-period proforma base, which is revenue only.

10 · EARNINGS QUALITY · BLOCK H

COMPONENT	Q2 2026	READING
Adjustments as a multiple of the profit adjusted	1.63x	VGR: $147.5m of after-tax adjustments against $90.4m of continuing net earnings
Adjusted diluted EPS as a multiple of GAAP	2.61x	VGR: $1.28 against $0.49
Non-cash share of the restructuring charge	74.0%	VGR: $66.6m of write-downs of property, plant and equipment, right-of-use assets and computer software within the $90.0m charge
Operating cash flow over continuing net earnings	3.84x	VGR, and not clean: the numerator includes discontinued operations and the denominator does not
Free cash flow over adjusted EBITDA, half-year	2.6%	VGR: $16.6m over $641.7m
One-off recidivism	present in both years	Restructuring and acquisition-related costs of $90.0m in Q2 2026 and $8.1m in Q2 2025; proxy-contest costs recurring since 2024 at $0.8m and $1.1m

Source: Gildan Activewear Inc., “Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia”, 30 July 2026, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026. Columns marked VGR are VGR arithmetic on the disclosed figures.

The three adjustments between GAAP and adjusted earnings in the quarter total $176.4m before tax and $147.5m after the $28.9m tax recovery, against $90.4m of continuing GAAP net earnings. The largest, $90.0m of restructuring and acquisition-related costs, is 74.0% non-cash. The second, the $85.6m inventory step-up, is a purchase-accounting entry with a stated end date and a $10m residual. The third, $0.8m of proxy-contest costs, has now recurred in every quarter since the first quarter of 2024 and is described in the release as relating to events of 2023 and 2024.

Below the operating line, continuing operations earned $90.4m. Discontinued operations lost $140.4m, comprising $25.3m of earnings from operating activities offset by the $153.0m HanesBrands Australia impairment and the $12.6m Champion Japan disposal loss. The group result is a $50.0m net loss. HanesBrands Australia generated $201.2m of net sales and $39.9m of operating income in the quarter.

11 · GUIDANCE SCORECARD AND THE IMPLIED REQUIREMENT · BLOCK I

The prior against which this quarter is scored is the company's own previous guidance, quoted in the same release. No third-party estimate is used anywhere in this document.

GUIDED METRIC	PRIOR	UPDATED, AND THE MOVEMENT
Revenue	$6.0bn – $6.2bn	"at the low end" of the same range — guidance lowered within the range
Adjusted operating margin	approximately 20%	approximately 21.8% — raised 180 basis points
Adjusted diluted EPS	$4.20 – $4.40	$4.65 – $4.75 — raised $0.40 at the midpoint
Free cash flow	above $850m	approximately $1.0bn — raised
Capital expenditure	not previously stated in this release	approximately 3% of net sales
Adjusted effective tax rate	not previously stated in this release	approximately 18%
Three-year objectives 2026–2028	set 26 February 2026	maintained

Source: Gildan Activewear Inc., "Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia", 30 July 2026, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026. Columns marked VGR are VGR arithmetic on the disclosed figures.

Revenue guidance went down and margin guidance went up. The two movements can be sized together. Taking the previous revenue guidance at its $6.1bn midpoint, prior guidance implied adjusted operating income of $1,220.0m; the updated guidance, at the low end of $6.0bn and 21.8%, implies $1,308.0m. The raise is $88.0m. Taking the previous revenue guidance at its own low end instead, the raise is $108.0m. An independent route agrees: the adjusted diluted EPS midpoint rose $0.40, which on 185.2m diluted shares is $74.1m after tax and approximately $90.3m before it at the guided 18% rate.

Against a raise of $88m to $108m, the company guides approximately $220m of IEEPA tariff refunds, states that "approximately half" relate to CAFTA-DR and describes that half as "a structural benefit for the Company going forward" whose "impact… is reflected in the Company's updated financial guidance", and states that a portion equivalent to the non-recurring benefit will be reinvested. The recurring element is therefore approximately $110m, which is 101.9% to 125.0% of the raise. On the published arithmetic the recurring tariff benefit accounts for the whole of the guidance raise. That reading depends on the company's "approximately half" being taken at half, and it is marked bounded on that account.

THE IMPLIED REQUIREMENT	FIGURE	DERIVATION
Implied second-half revenue	$3,251.6m	VGR: $6.0bn less first-half net sales of $2,748.4m
Implied second-half growth on the proforma base	+5.6%	VGR: against proforma second-half 2025 of $3,078.0m
Third quarter, as guided	+2.5%	VGR: $1.65bn against proforma Q3 2025 of $1,610.2m
Implied fourth quarter	$1,601.6m, +9.1%	VGR: $3,251.6m less $1.65bn, against proforma Q4 2025 of $1,467.8m
First-half outturn on the same base	**−8.7%**	VGR, from section 04
Implied swing, first half to fourth quarter	17.8 percentage points	VGR
Implied second-half adjusted operating margin	24.3%	VGR: implied second-half adjusted operating income of $788.9m over $3,251.6m
First-half adjusted operating margin	18.9%	company-disclosed
Implied margin step-up	+537 basis points	VGR
Remaining tariff refunds as a share of implied second-half revenue	600 basis points	VGR: $195m over $3,251.6m, gross of the reinvestment
The same, net of the stated reinvestment	approximately 261 basis points, bounded	VGR: $85m over $3,251.6m, taking the non-recurring half at approximately $110m

Source: Gildan Activewear Inc., “Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia”, 30 July 2026, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026. Columns marked VGR are VGR arithmetic on the disclosed figures.

The guidance requires two things at once. Revenue has to move from 8.7% below the combined base in the first half to 9.1% above it in the fourth quarter, a swing of 17.8 percentage points inside one year, in a market the company describes as showing “broader market softness toward the end of the quarter” with retailers holding “tempered optimism”. The adjusted operating margin has to rise 537 basis points between the halves, of which the net tariff refund supplies approximately half. The remainder must come from the approximately $100m of 2026 synergies, the unquantified Barbados subsidy and mix. All of these figures assume revenue lands at exactly $6.0bn; the company guides “the low end” of a range rather than a point, and the implied fourth quarter rises further if revenue lands above $6.0bn.

Recorded as the prior for the next analysis: third-quarter net sales of approximately $1.65bn, third-quarter adjusted operating margin of approximately 26% against 23.2% a year earlier, a third-quarter adjusted effective tax rate of approximately 18.5%, and most of the $220m of tariff refunds recorded in the third quarter.

12 · DISCLOSURE DELTA AND METRICS NOT REPORTED · BLOCK J

METRIC	STATUS	CONSEQUENCE FOR THE ANALYSIS
Channel reporting	redefined this year	Activewear and Innerwear replaced by Retail and Wholesale from Q1 2026, comparatives recast. No channel series survives from before Q1 2026.
Operating segments	one	“The Company manages its business on the basis of one reportable operating segment.” Retail is 51.4% of net sales and no profitability is published for it.
Consolidated like-for-like growth rate	not reported	The wholesale rate is given and the retail proforma dollars are given; the consolidated rate is not. VGR computes it at −7.9%.
Constant-currency growth	not reported	No currency component of growth is calculable.
HanesBrands contribution in the current period	not reported	The perimeter split is obtainable only through the prior-period proforma base.
Proforma profit or margin for 2025	not reported	The proforma basis is revenue only. No like-for-like margin comparison exists in the disclosure.
Barbados EDGF subsidy	not quantified	Credited as an offset in three separate paragraphs; the amount is not disclosed.
Synergies realised to date	not quantified	“Well on pace” against approximately $100m for 2026; no realised figure is published.
Post-disposal pro-forma leverage	not reported	The company states the disposal accelerates a return to the midpoint; no pro-forma ratio is given.
Cash flow by perimeter	not segregated	Stated twice by the company. Free cash flow and the income statement are on different perimeters.

METRIC	STATUS	CONSEQUENCE FOR THE ANALYSIS
Unit volumes, average selling price, price versus mix	not reported	Pricing initiatives are credited repeatedly and cannot be sized.
Inventory ageing, markdown or sell-through	not reported	Section 07 relies on computed days only.

Source: Gildan Activewear Inc., “Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia”, 30 July 2026, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026. Columns marked VGR are VGR arithmetic on the disclosed figures.

Two of these are movements rather than standing gaps and both are material at any size by definition: the channel redefinition, which is a metric redefined with comparatives recast, and the introduction of proforma net sales from continuing operations, which is a new metric with its own two-step adjustment. VGR records both and will track whether the proforma disclosure continues once the acquisition anniversary passes in the fourth quarter of 2026, at which point the base becomes comparable without it.

13 · THE COMPANY'S ACCOUNT, TESTED · BLOCK K

Each explanatory or forward statement is set against what the arithmetic in this document gives, using the four fixed dispositions of the method.

CLAIM	VGR FIGURE	DISPOSITION
"Gildan Reports Strong Second Quarter Results" (title)	Net sales +72.3% reported and −7.9% on the combined base; adjusted operating margin −46bp as reported and −204bp ex the refund; consolidated net loss of $50.0m	The disclosed figures show a different weighting.
"Second quarter net sales from continuing operations of $1.58 billion up 72.3% over the prior year"	$1,582.474m against $918.504m, +72.3%	Supported by the disclosed figures.
"adjusted diluted EPS from continuing operations of $1.28… up 32.0% from $0.97"	$0.11 of the $1.28 is the company's own disclosed tariff-refund contribution; excluding it, $1.17 and +20.6%	Partially supported.
"Adjusted operating margin was 22.3%… 260 basis points ahead of guidance of around 19.7%"	The $25m refund is 158 basis points of net sales, 60.8% of the 260 basis point beat; the EDGF subsidy the company also credits is not quantified	Partially supported.
"The 300-basis point improvement mainly reflects the favorable contribution from HanesBrands, lower raw material costs, and to a lesser extent pricing initiatives… notwithstanding an approximate $25 million benefit"	The $25m benefit is 158 of the 296 basis points VGR computes; the factors listed ahead of it account for the remaining 138	The disclosed figures show a different weighting.

CLAIM	VGR FIGURE	DISPOSITION
“proceeds will be used to pay down a portion of the Company’s outstanding debt, further accelerating a return to the midpoint of its target leverage framework of 1.5x to 2.5x”	~$490m covers 27.8% of the $1,761.3m of deleveraging required to reach 2.0x on the disclosed proforma adjusted EBITDA of $1,463.8m; net debt rose $271.8m in the half	Partially supported.
“a subsidy recorded… under the Barbados Economic Diversification and Growth Fund (EDGF), which was retroactive to 2025”	The amount appears in neither the release nor the interim statements	Not verifiable from the disclosure.
“well on pace to generate approximately $100 million in targeted synergies for 2026”	No realised-to-date figure is published and the company reports one operating segment	Not verifiable from the disclosure.
“both Wholesale and Retail returning to growth as compared with proforma net sales” (Q3 guidance)	Implies +2.5% at group level against proforma Q3 2025 of $1,610.2m, after −5.8% and −9.7% in the second quarter	Not verifiable from the disclosure.

Source: Gildan Activewear Inc., “Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia”, 30 July 2026, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026. Columns marked VGR are VGR arithmetic on the disclosed figures.

Emphasis

Ranked by effect and set against placement, with no comment. The $153.0m HanesBrands Australia impairment is the largest single item in the quarter and is what turns $90.4m of continuing earnings into a $50.0m group loss; it appears in note 13 of the interim financial statements and in none of the ten highlight bullets of the release. The $25m tariff refund is 158 basis points of margin and appears in the highlights, in the title’s reference to updated guidance, and in three body paragraphs. The consolidated like-for-like revenue decline is 7.9% and is disclosed as a dollar comparison, not as a rate.

Attribution

Counts, not characterisation. Favourable movements attributed to management action: five — synergy capture, pricing initiatives, product innovation and share gains in ringspun and fleece, brand momentum at Comfort Colors, American Apparel and Champion, and footprint optimisation. Favourable movements attributed to external factors: four — lower raw material costs, the IEEPA tariff refunds, the CAFTA-DR policy change and the Barbados subsidy. Unfavourable movements attributed to management action: two — the proactive inventory reduction reducing sell-in, and the integration initiatives to optimise the manufacturing footprint. Unfavourable movements attributed to external factors: four — broader market softness, lower seasonal inventory builds at large retail customers, the non-recurrence of pre-buying ahead of pricing actions, and tariff costs. The company attributes two unfavourable revenue effects to its own decisions.

Quantification

Fifteen causal claims in the operating-results narrative carry a number; twelve do not. The quantification rate is 55.6%. This is the first Gildan analysis in the VGR archive, so there is no prior period to compare it against; it is recorded as the opening observation.

14 · METHOD, SOURCES AND PRECISION REGISTER

Every figure in this document comes from Gildan's own published materials. Two documents were used: the second-quarter 2026 news release, filed as Exhibit 99.1 to a Form 6-K under CIK 0001061894, and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026, filed as Exhibit 99.2. Both were archived in full before any figure was transcribed. The interim statements are prepared under IAS 34 and were authorised for issuance by the Board on 29 July 2026. Where the two documents differ the statements govern; two rounding variances of $0.1m were found between the release's summary table and its own reconciliation tables, and the reconciliation figures are used. No analyst estimate, consensus figure or third-party forecast appears anywhere in this document.

Reporting currency is the United States dollar as published. No conversion has been applied anywhere. The Australian dollar figure for the disposal, A$700m, is quoted as the company quotes it, alongside the company's own approximate US dollar equivalent of $490m; VGR has applied no rate of its own.

DERIVED FIGURE	PRECISION	REASON
Perimeter and trading bridge, +87.0pp and −14.7pp	exact	arithmetic on two disclosed figures, summing to the disclosed +72.3%
Like-for-like net sales, −7.9% and −8.7%	exact	reported net sales over disclosed proforma net sales
Underlying margins ex the $25m refund, +138bp and −204bp	exact	the refund is disclosed as approximately $25m; the bridge closes without a residual
Deleveraging required to 2.0x and 2.5x	exact	on the disclosed proforma adjusted EBITDA of $1,463.8m held constant, which is stated
Post-disposal leverage of 2.87x	bounded, favourable end	the denominator falls with the disposal by the company's own footnote; the true ratio is higher
Implied fourth quarter, +9.1%	bounded	assumes revenue at exactly $6.0bn; the company guides the low end of a range, not a point

DERIVED FIGURE	PRECISION	REASON
Net tariff benefit of approximately $110m	bounded	the company states approximately half of $220m relates to CAFTA-DR
Guidance raise of $88m to $108m	bounded	both ends published; the range is the prior revenue guidance taken at midpoint and at low end
Days payable outstanding, 90.6 days	bounded, upper	payables are not disclosed separately from accrued liabilities
Year-on-year working capital days	not calculable	no interim balance sheet at 29 June 2025 in the release
Incremental return on the HanesBrands consideration	not calculable	one operating segment; no current-period contribution disclosed
Like-for-like margin	not calculable	the proforma basis is revenue only
Currency component of growth	not calculable	no constant-currency rate is published
Barbados EDGF subsidy effect	not calculable	the amount is not disclosed
Quantification rate, 55.6%	bounded	VGR count of causal claims in the operating-results narrative; the counting basis is stated in section 13

Source: VGR working record, Gildan Activewear_Q2 2026_Source_Figures.md.

Cross-section

The closest comparison in the VGR archive is Kontoor Brands, which reported the same quarter, in the same currency, in the same part of the United States apparel market, and which was also carrying an acquisition through its comparatives. The two are set side by side because the question they raise is the same one.

MEASURE, Q2 2026	GILDAN ACTIVEWEAR	KONTOOR BRANDS
Reported net revenue growth	+72.3%	+19%
Like-for-like or organic growth	**−7.9% (VGR, on the company's proforma base)**	+1.5% (company's organic basis)

MEASURE, Q2 2026	GILDAN ACTIVEWEAR	KONTOOR BRANDS
Share of the revenue increase that is perimeter	120.3%	92.4%
Adjusted gross margin	34.5%	53.8%
Adjusted operating margin	22.3%	16.0%
Net result	**−$50.0m**	+$64.8m
Acquisition being absorbed	HanesBrands, 1 December 2025	Helly Hansen and Musto, Q2 2025

Source: Gildan Activewear Q2 2026 as cited throughout; Kontoor Brands Q2 2026, from the VGR archive, analysis dated 18 August 2026. Each company's like-for-like measure is its own definition, stated in the row.

Both companies carried an acquisition in their comparatives and both disclose it. Kontoor's underlying business grew, so its acquisition added to a positive base; Gildan's underlying business declined, so its acquisition accounts for 120.3% of the increase. Gildan is the larger, vertically integrated basics manufacturer and Kontoor the branded jeanswear business; the adjusted gross margin difference of 19.3 percentage points reflects the two business models and is not a measure of relative performance.

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METHODOLOGY

VGR Financial Analysis, standardised methodology v5. The comparability restatement runs before any measurement; the findings are ranked on the VGR ladder; the company's own account is tested against the arithmetic in section 13. Every figure in this document is taken from the company's published materials. No analyst estimate, consensus figure or third-party forecast is used anywhere.

Revised 30 September 2026 to methodology v5; first published 20 August 2026.

PRIMARY SOURCE

Gildan Activewear Inc., "Gildan Reports Strong Second Quarter Results, Updates its Full Year 2026 Guidance and Announces the Sale of HanesBrands Australia", Montreal, Thursday 30 July 2026, filed with the U.S. Securities and Exchange Commission as Exhibit 99.1 to Form 6-K under CIK 0001061894; and the unaudited condensed interim consolidated financial statements for the three and six months ended 28 June 2026, filed as Exhibit 99.2 and authorised for issuance by the Board on 29 July 2026. https://www.sec.gov/Archives/edgar/data/1061894/000106189426000017/exhibit991q22026newsrelease.htm

WORKING RECORD

All figures, company-disclosed and VGR-derived, are recorded in Gildan Activewear_Q2 2026_Source_Figures.md, which separates the two and states the arithmetic for every derived line. Both source documents are archived alongside it. Reporting currency: US dollars, as published; no conversion has been applied anywhere in this document.

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