UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of: August 2024 **Commission File Number: 1-14830**

GILDAN ACTIVEWEAR INC.

(Translation of Registrant's name into English)

600 de Maisonneuve Boulevard West
33rd Floor
Montréal, Québec
Canada H3A 3J2
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F o Form 40-F þ

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		GILDAN ACTIVEWEAR INC.		
Date:	August 1, 2024	By:	/s/ Michelle Taylor	
			Name:	Michelle Taylor
			Title:	Vice-President, General Counsel and Corporate Secretary

EXHIBIT INDEX

Exhibit	Description of Exhibit
99.1	Management's Discussion and Analysis
99.2	Interim Financial Statements
99.3	Certifications of Interim Filings - CEO
99.4	Certifications of Interim Filings - CFO

2024 Second Quarter
Shareholder Report

Contents

1.0 PREFACE

In this Management's Discussion and Analysis (MD&A), "Gildan", the "Company", or the words "we", "us", and "our" refer, depending on the context, either to Gildan Activewear Inc. or to Gildan Activewear Inc. together with its subsidiaries.

This MD&A comments on our operations, financial performance, and financial condition as at and for the three and six months ended June 30, 2024. All amounts in this MD&A are in U.S. dollars, unless otherwise noted. For a complete understanding of our business environment, trends, risks and uncertainties, and the effect of accounting estimates on our results of operations and financial condition, this MD&A should be read in conjunction with Gildan's unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2024, and the related notes, and with our MD&A for the year ended December 31, 2023 (2023 Annual MD&A).

In preparing this MD&A, we have taken into account all information available to us up to July 31, 2024, the date of this MD&A. The unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2024 and this MD&A were reviewed by Gildan's Audit and Finance Committee and were approved and authorized for issuance by our Board of Directors on July 31, 2024.

The unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2024 have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). All financial information contained in this MD&A is consistent with International Financial Reporting Standards (IFRS), except for certain information discussed in the section entitled "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

Additional information about Gildan, including our 2023 Annual Information Form, is available on our website at www.gildancorp.com, on the SEDAR+ website at www.sedarplus.ca, and on the EDGAR section of the U.S. Securities and Exchange Commission website (which includes the Annual Report on Form 40-F) at www.sec.gov.

2.0 CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this MD&A constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities legislation and regulations and are subject to important risks, uncertainties, and assumptions. This forward-looking information includes, amongst others, information with respect to our objectives and the strategies to achieve these objectives, including statements related to the Gildan's Sustainable Growth (GSG) strategy and Next Generation ESG strategy and ESG targets as well as information with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions. In particular, information appearing under the headings "Our business", "Strategy", "Operating results", "Liquidity and capital resources - Long-term debt and net debt", "Financial risk management", and "Risks and uncertainties" contain forward looking statements. Forward-looking statements generally can be identified by the use of conditional or forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "project", "assume", "anticipate", "plan", "foresee", "believe", or "continue", or the negatives of these terms or variations of them or similar terminology. We refer you to the Company's filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, as well as the risks described under the "Financial risk management", "Critical accounting estimates and judgments", and "Risks and uncertainties" sections of this MD&A for a discussion of the various factors that may affect the Company's future results. Material factors and assumptions that were applied in drawing a conclusion or making a forecast or projection are also set out throughout this document.

Forward-looking information is inherently uncertain and the results or events predicted in such forward-looking information may differ materially from actual results or events. Material factors, which could cause actual results or
events to differ materially from a conclusion, forecast, or projection in such forward-looking information, include, but are not limited to:

- changes in general economic, financial or geopolitical conditions globally or in one or more of the markets we serve;
- our ability to implement our growth strategies and plans, including our ability to bring projected capacity expansion online;
- the intensity of competitive activity and our ability to compete effectively;
- our reliance on a small number of significant customers;
- the fact that our customers do not commit to minimum quantity purchases;
- our ability to anticipate, identify, or react to changes in consumer preferences and trends;
- our ability to manage production and inventory levels effectively in relation to changes in customer demand;
- fluctuations and volatility in the prices of raw materials from current levels and energy related inputs used to manufacture and transport our products;
- our reliance on key suppliers and our ability to maintain an uninterrupted supply of raw materials, intermediate materials, and finished goods;
- the impact of climate, political, social, and economic risks, natural disasters, epidemics, pandemics and endemics, such as the COVID-19 pandemic, in the countries in which we operate or sell to, or from which we source production;
- disruption to manufacturing and distribution activities due to such factors as operational issues, disruptions in transportation logistic functions, labour disruptions, political or social instability, weather-related events, natural disasters, epidemics and pandemics, such as the COVID-19 pandemic, and other unforeseen adverse events;
- compliance with applicable trade, competition, taxation, environmental, health and safety, product liability, employment, patent and trademark, corporate and securities, licensing and permits, data privacy, bankruptcy, anti-corruption, and other laws and regulations in the jurisdictions in which we operate;
- the imposition of trade remedies, or changes to duties and tariffs, international trade legislation, bilateral and multilateral trade agreements and trade preference programs that the Company is currently relying on in conducting its manufacturing operations or the application of safeguards thereunder;
- elimination of government subsidies and credits that we currently benefit from, and the non-realization of anticipated new subsidies and credits;
- factors or circumstances that could increase our effective income tax rate, including the outcome of any tax audits or changes to applicable tax laws or treaties;
- changes to and failure to comply with consumer product safety laws and regulations;
- changes in our relationship with our employees or changes to domestic and foreign employment laws and regulations;
- our reliance on key management and our ability to attract and/or retain key personnel;
- negative publicity as a result of actual, alleged, or perceived violations of human rights, labour and environmental laws or international labour standards, or unethical labour or other business practices by the Company or one of its third-party contractors;
- our ability to protect our intellectual property rights;
- operational problems with our information systems or those of our service providers as a result of system failures, viruses, security and cyber security breaches, disasters, and disruptions due to system upgrades or the integration of systems;
- an actual or perceived breach of data security;
- rapid developments in artificial intelligence;
- our ability to successfully integrate acquisitions and realize expected benefits and synergies;
- changes in accounting policies and estimates; and
- exposure to risks arising from financial instruments, including credit risk on trade accounts receivables and other financial instruments, liquidity risk, foreign currency risk, and interest rate risk, as well as risks arising from commodity prices.

These factors may cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on the Company's business. For example, they do not include the effect of business dispositions, acquisitions, other business transactions, asset write-downs, asset impairment losses, or other charges announced or occurring after forward-looking statements are made. The financial impact of such transactions and non-recurring and other special items can be complex and necessarily depends on the facts particular to each of them.

There can be no assurance that the expectations represented by our forward-looking statements will prove to be correct. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's future financial performance and may not be appropriate for other purposes. Furthermore, unless otherwise stated, the forward-looking statements contained in this report are made as of the date hereof, and we do not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events, or otherwise unless required by applicable legislation or regulation. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

3.0 OUR BUSINESS

3.1 Overview

Gildan is a leading vertically integrated manufacturer of everyday basic apparel, including activewear, underwear, and hosiery products. Our products are sold to wholesale distributors, screenprinters, and embellishers in North America, Europe, Asia-Pacific, and Latin America, as well as to retailers in North America, including mass merchants, department stores, national chains, specialty retailers, craft stores, and online retailers. We also manufacture products for global lifestyle brand companies who market these products under their own brands through their own retail establishments, e-commerce platforms, and/or to third-party retailers.

Manufacturing and operating as a socially responsible producer is at the heart of what we do. The vast majority of our sales are derived from products we manufacture ourselves. Since the Company's formation, we have made significant capital investments in developing and operating our own large-scale, vertically integrated manufacturing facilities, including yarn production, textile and sock manufacturing, as well as sewing operations, controlling all aspects of the production process from start to finish for the garments we produce.

We believe the skill set that we have developed in designing, constructing, and operating our own manufacturing facilities, the level of vertical integration of our supply chain and the capital investments that we have made over the years differentiate us from our competition who are not as vertically integrated and may rely more heavily on third-party suppliers. Owning and operating the vast majority of our manufacturing facilities allows us to exercise tighter control over our production processes, efficiency levels, costs and product quality, as well as to provide reliable service with short production/delivery cycle times. In addition, running our own operations allows us to achieve adherence to high standards for environmental and social responsibility practices employed throughout our supply chain.

3.2 Our Operations

3.2.1 Brands, Products and Customers

The products we manufacture and sell are marketed under Company brands, including Gildan®, American Apparel®, Comfort Colors®, Gildan® Hammer®, GoldToe®, and Peds®. Further, we manufacture for, and supply products to select leading global athletic and lifestyle brands, as well as to certain retail customers who market these products under their own exclusive brands.

Our primary product categories include activewear tops and bottoms (activewear), socks (hosiery), and underwear tops and bottoms (underwear). In fiscal 2023, Activewear sales accounted for 83% of total net sales, and Hosiery and underwear sales accounted for 17% of total net sales.

We sell our activewear products primarily in “blank” or undecorated form, without imprints or embellishment. The majority of our Activewear sales are currently derived from activewear sold to wholesale distributors in the imprintables channels in North America and internationally. These wholesale distributors then sell the blank garments to screenprinters/embellishers who decorate the products with designs and logos, and who in turn sell the embellished/imprinted activewear into a highly diversified range of end-use markets. These include educational institutions, athletic dealers, event merchandisers, promotional product distributors, charitable organizations, entertainment promoters, travel and tourism venues, and retailers. The activewear products have diverse applications, such as serving as work or school uniforms or athletic team wear or simply conveying individual, group, and team identity. We also sell activewear products in blank form directly to various retailers, or through national accounts servicing retailers, in addition to underwear and socks for men, ladies, and kids. These retailers include mass merchants, department stores, national chains, sports specialty stores, craft stores, food and drug retailers, dollar stores, and price clubs, all of which sell to consumers through their brick and mortar outlets and/or their e-commerce platforms. Additionally, we sell to pure-play online retailers who sell to consumers. We also manufacture for and sell to select leading global athletic and lifestyle consumer brand companies who distribute these products within the retail channel through their own retail establishments, e-commerce platforms, and/or through third-party retailers.

The following table summarizes our current primary product offering under Company and licensed brands:

Primary product categories	Product-line details	Brands
Activewear	T-shirts, fleece tops and bottoms, sport shirts, polos and tank tops	Gildan®, Gildan Performance®, Gildan® Hammer®, Gildan Softstyle®, Gildan® Heavy Cotton™, Gildan® Ultra Cotton®, Gildan DryBlend®, Gildan® HeavyBlend™, Comfort Colors®, American Apparel®
Hosiery	athletic, dress, casual and workwear socks, liner socks, and socks for therapeutic purposes(1)	Gildan®, GoldToe®, Signature Gold by GoldToe®, GoldToe Edition™, Peds®, MediPeds®, All Pro®, Powersox®
Underwear	men's and boys' underwear (tops and bottoms) and ladies panties	Gildan®, Gildan Platinum®

(1) Applicable only to MediPeds®.

3.2.2 Manufacturing

The vast majority of our products are manufactured in facilities that we own and operate. To a much lesser extent, we also use third-party contractors to supplement certain product requirements. Our vertically integrated operations range from start to finish of the garment production process and include capital-intensive yarn-spinning, textile and sock manufacturing facilities, as well as labour-intensive sewing facilities. Our manufacturing operations are situated in four main hubs, specifically in the United States, Central America, the Caribbean, and Bangladesh. All of our yarn-spinning operations are located in the United States, while textile, sewing, and sock manufacturing operations are situated in the other geographical hubs mentioned above, the largest of which is in Honduras in Central America.

In order to support further sales growth, continue to drive an efficient and competitive cost structure, and enhance geographic diversification in our supply chain, we are expanding manufacturing capacity with a significant expansion in Bangladesh, which involves the development of a large multi-plant manufacturing complex expected to house two large textile facilities and related sewing operations. The construction of the first textile and sewing complex is substantially completed, while progressive ramp-up of operations is underway and will continue through 2024.

The following table provides a summary of our primary manufacturing operations by geographic area:

	United States	Central America	Caribbean	Asia
Yarn-spinning facilities(1): conversion of cotton, polyester and other fibres into yarn	■ Salisbury, NC ■ Mocksville, NC ■ Eden, NC ■ Clarkton, NC ■ Sanford, NC (2 facilities) ■ Mayodan, NC			
Textile facilities: knitting yarn into fabric, dyeing and cutting fabric		■ Honduras (4 facilities)	■ Dominican Republic	■ Bangladesh (2 facilities)
Sewing facilities(2): assembly and sewing of cut goods		■ Honduras (2 facilities) ■ Nicaragua (5 facilities)	■ Dominican Republic (3 facilities)	■ Bangladesh (3 facilities)
Garment-dyeing(3): pigment dyeing or reactive dyeing process (Pigment Pure™)		■ Honduras		
Hosiery manufacturing facilities: conversion of yarn into finished socks		■ Honduras		

(1) While the majority of our yarn requirements are internally produced, we also use third-party yarn-spinning suppliers, primarily in Asia for our Bangladesh operations, to satisfy the remainder of our yarn needs. The majority of cotton used by our Asian contractors is U.S. cotton.
(2) Although the majority of our sewing facilities are Company-operated, we also use the services of third-party sewing contractors, primarily in Central America and Haiti, to satisfy the remainder of our sewing requirements.
(3) Garment dyeing is a feature of our Comfort Colors® products only, a proprietary dyeing process under the name Pigment Pure™ which involves a different dyeing process than how we typically dye the majority of our products at our textile facilities. Our garment dyeing operations are located in our Rio Nance 3 facility in Honduras.

3.2.3 Sales, marketing and distribution

Our global sales and marketing office is located in Christ Church, Barbados, out of which we have established customer-related functions, including sales management, marketing, customer service, credit management, sales forecasting, production planning, inventory control, and logistics, as well as finance, human resources and information technology functions. We also maintain sales support offices in the U.S. We have established extensive distribution operations primarily through internally managed and operated large distribution centres and some smaller facilities in the U.S., a large distribution facility in Honduras, as well as a distribution facility in Bangladesh. To supplement some of our distribution needs, we also use third-party warehouses in North America and Europe.

3.2.4 Employees and corporate office

We currently employ approximately 47,000 employees worldwide. Our corporate head office is located in Montreal, Canada.

3.3 Competitive environment

The basic apparel market for our products is highly competitive. Competition is generally based upon service and product availability, price, quality, comfort and fit, style, and brand. We compete on these factors by leveraging our competitive strengths, including our strategically located and vertically integrated manufacturing supply chain, scale, cost structure, global distribution, and our brand positioning in the markets we serve. We believe our manufacturing skill set, together with our large-scale, low-cost vertically integrated supply chain infrastructure that we have developed through significant investments over time, are key competitive strengths and differentiators from our competition.

We face competition from large and smaller U.S. based and foreign manufacturers or suppliers of basic family apparel. Among the larger competing North American-based manufacturers are Hanesbrands Inc., as well as Fruit of the Loom, Inc., a subsidiary of Berkshire Hathaway Inc., which competes through its own brand offerings and those of its subsidiary, Russell Corporation. These companies manufacture out of some of the same geographies as Gildan and compete primarily within the same basic apparel product categories in similar channels of distribution in North America and international markets. In socks and underwear, our competitors also include Renfro Corporation, Jockey International, Inc., and Kayser Roth Corporation. In addition, we compete with smaller U.S. based companies selling to or operating as wholesale distributors of imprintables activewear products, including Next Level Apparel, Color Image Apparel, Inc. (owner of the Bella + Canvas brand), and Delta Apparel Inc., as well as Central American, Mexican and Asian manufacturers that supply products in the imprintables channel. Finally, although we also compete with some of our customers' own private brand offerings, we also supply products to certain customers that are seeking strategic suppliers with our type of manufacturing capabilities to support their private brand offerings.

3.4 Recent events

On December 11, 2023, the Company’s then Board of Directors (the “Previous Board”) terminated the Company’s President and Chief Executive Officer, Glenn Chamandy. On such date, the Previous Board appointed Vince Tyra as President and Chief Executive Officer, and Mr. Tyra took office in the first quarter of fiscal 2024, effective on January 15, 2024. Following the termination of Mr. Chamandy, dissenting shareholder Browning West and others initiated an activist campaign and proxy contest against the Previous Board, proposing a new slate of Directors and requesting the reinstatement of Mr. Chamandy as President and Chief Executive Officer. In the second quarter of 2024, on April 22, 2024, in advance of the May 28, 2024 Annual General Meeting of Shareholders (“Annual Meeting”), the Previous Board announced a refreshed Board of Directors (“Refreshed Board”) that resulted in the immediate replacement of five Directors, with two additional Directors staying on temporarily but not standing for re-election at the Annual Meeting. On May 23, 2024, five days prior to the Annual Meeting, the Refreshed Board and Mr. Tyra resigned, along with Arun Bajaj, the Company’s Executive Vice-President, Chief Human Resources Officer (CHRO) and Legal Affairs. The Refreshed Board appointed Browning West nominees to the Board of Directors (the “New Board”), effective as of that date. On May 24, 2024, the New Board reinstated Mr. Chamandy as President and Chief Executive Officer. On May 28, 2024, the New Board was elected by shareholders at the Annual Meeting. During this six month timeline, the Company incurred significant expenses relating to the proxy contest, leadership changes and related matters, primarily at the direction of the Previous Board and the Refreshed Board, which are referred to in section 5 of this MD&A entitled "Operating results" and explained in more detail in section 15.0 of this MD&A entitled "Definition and reconciliation of non-GAAP financial measures".

4.0 STRATEGY

Gildan Sustainable Growth Strategy

Building on a strong foundation, in 2022 the Company launched its “Gildan Sustainable Growth” (GSG) strategy focused on driving organic top and bottom-line growth through three key pillars – capacity expansion, innovation, and ESG. We believe that by leveraging our competitive advantage as a low-cost, vertically integrated manufacturer, successfully executing on well-defined capacity expansion plans, delivering value-driven and innovative products, and leading ESG practices, the Company will be well positioned to drive long-term revenue growth, profitability and effective asset utilization, all of which are expected to allow us to deliver compelling shareholder value creation over the long-term.

The three pillars of our GSG strategy are:

Capacity-driven growth: *Leveraging our strong competitive advantage as a low-cost vertically integrated manufacturer as we execute on well-defined plans to expand and optimize our global production capacity to support our long-term growth plans*

Executing on our plans, we have strengthened our vertical integration by expanding our yarn-spinning capabilities through the acquisition and modernization of Frontier Yarns. We are also executing on the first phase of development of a large vertically integrated textile and sewing complex in Bangladesh, as described in more detail in subsection 3.2.2 entitled "Manufacturing" in this MD&A.

Innovation: *Driving leadership in innovation across the organization and all areas of operations aimed at delivering high-quality, value-driven products, increased speed-to-market, operational efficiencies and a reduced environmental footprint*

The Company has identified and defined specific key initiatives, as well as investments aimed at driving innovation in our product development and manufacturing processes, distribution and final products, including fabric features, product fit, fabric adaptability to evolving printing and decorating techniques, and ESG-friendly product attributes. In early 2024, we announced the release of a number of new products, including our improved ultra cotton 2000 T-shirt. In this regard, we developed a new proprietary cotton technology by re-engineering our entire process from the yarn through to the finished process, enhancing fabric softness, all while improving printability. We are also actively investing in digital tools, predictive analytics, and artificial intelligence to accelerate decision-making across the organization, streamline processes, and optimize supply chain planning.

ESG: *Further increasing our ESG focus across all operations and leveraging our strong ESG standing and progress to enhance our value proposition to all our stakeholders*

As of 2024, Gildan is embarking on its third year of implementing its Next Generation ESG strategy, which encompasses a broad range of initiatives. These include reducing carbon footprint and water intensity, fostering a circular economy, supporting regional economic development, ensuring respect for human rights, and maintaining safety standards throughout the supply chain. The strategy also embraces a commitment to people, with a focus on investing in our workforce, promoting diversity and inclusion, in addition to enhancing ESG transparency. This strategy includes 10 core targets focused on five different pillars: Climate, Energy and Water; Circularity; Human Capital Management; Long Term Value Creation, and Transparency and Disclosure. For more detailed information regarding these initiatives, please refer to Gildan's 2023 ESG report. Information in our 2023 ESG Report does not form part of and is not incorporated by reference in this MD&A.

5.0 OPERATING RESULTS

Overview and business environment

Throughout 2023, the apparel sector faced significant challenges amid broader economic and political uncertainty, contributing to an industry-wide soft demand environment, albeit showing improvement from 2022. Our 2023 net sales were down year-over-year as we faced strong 2022 comparative periods, which had benefited from distributor inventory replenishment following the COVID-19 pandemic. Nevertheless, the printwear industry showed resiliency, marked by continued enthusiasm surrounding experiences, such as travel, concerts, and large events. We have in fact observed sequential improvements in year-over-year point of sales ("POS") trends for Activewear since the beginning of 2023, through the first half of 2024. In the Hosiery and underwear categories, demand remained weak across the industry in 2023 but we capitalized on a comparatively more favorable demand environment versus the previous year.

We delivered adjusted operating margins[1] within our annual target range of 18% to 20% in the second half of 2023 and were above this range in the first half of 2024, as the pressure from the flow through of peak cotton costs abated and we continued to benefit from lower manufacturing input costs. Overall, we are proud to have diligently navigated through the changing environment of the past few years, which allowed us to deliver strong performance within key growth categories. Moreover, over the past year we made significant progress on each of the three pillars of our GSG strategy, optimizing our manufacturing capacity, fostering innovation, and further reinforcing our commitment to ESG. While we believe our vertically-integrated manufacturing model and financial strength facilitates our ability to navigate through various headwinds impacting the current market landscape, it is difficult to predict the impact on our business due to the lagging effects of recent inflationary pressures, increased recessionary and geopolitical risks and other factors.

5.1 Non-GAAP financial measures

We use non-GAAP financial measures and ratios to assess our operating performance and liquidity. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. In this MD&A, we use non-GAAP financial measures and ratios including: adjusted net earnings; adjusted earnings before income taxes; adjusted diluted EPS; adjusted income tax expense, adjusted effective income tax rate; adjusted gross profit; adjusted gross margin; adjusted selling, general and administrative expenses (adjusted SG&A expenses); adjusted SG&A expenses as a percentage of net sales; adjusted operating income; adjusted operating margin; and adjusted EBITDA to measure our performance and financial condition from one period to the next, which excludes the variation caused by certain adjustments that could potentially distort the analysis of trends in our operating performance, and because we believe such measures provide meaningful information to investors and management on the Company’s financial performance and financial condition. We also use non-GAAP financial measures including free cash flow, total debt, net debt, net debt leverage ratio and working capital.

We refer the reader to section 15.0 entitled “Definition and reconciliation of non-GAAP financial measures” in this MD&A for the definition and complete reconciliation of all non-GAAP financial measures used and presented by the Company to the most directly comparable IFRS measures.

(1) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

5.2 Summary of quarterly results

The table below sets forth certain summarized unaudited quarterly financial data for the eight most recently completed quarters. This quarterly information is unaudited and has been prepared in accordance with IAS 34 of IFRS. The operating results for any quarter are not necessarily indicative of the results to be expected for any future period.

For the three months ended *(in $ millions, except share and per share amounts or otherwise indicated)*	**Q2 2024**	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Net sales	**862.2**	695.8	782.7	869.9	840.4	702.9	720.0	850.0
Net earnings	**58.4**	78.7	153.3	127.4	155.3	97.6	83.9	153.0
Net earnings per share:								
Basic[1]	**0.35**	0.47	0.89	0.73	0.87	0.54	0.47	0.84
Diluted[1]	**0.35**	0.47	0.89	0.73	0.87	0.54	0.47	0.84
Weighted average number of shares outstanding *(in '000s)*:								
Basic	**168,005**	168,869	171,495	175,087	177,624	179,543	179,680	181,980
Diluted	**168,139**	168,977	171,806	175,348	177,902	179,843	179,897	182,239

(1) Quarterly EPS may not add to year-to-date EPS due to rounding.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

5.2.1 Seasonality and other factors affecting the variability of results and financial condition

Our results of operations for interim and annual periods are impacted by the variability of certain factors, including, but not limited to, changes in end-use demand and customer demand, our customers' decisions to increase or decrease their inventory levels, changes in our sales mix, and fluctuations in selling prices and raw material costs. While our products are sold on a year-round basis, our business experiences seasonal changes in demand which result in quarterly fluctuations in operating results. Although certain products have seasonal peak periods of demand, competitive dynamics may influence the timing of customer purchases causing seasonal trends to vary somewhat from year to year. Historically, demand for T-shirts is lowest in the fourth quarter and highest in the second quarter of the year, when distributors purchase inventory for the peak summer selling season. Historically, demand for fleece is typically highest in advance of the fall and winter seasons, in the second and third quarters of the year. Sales of hosiery and underwear are typically higher during the second half of the year, during the back-to-school period and the Christmas holiday selling season. These seasonal sales trends of our business also result in fluctuations in our inventory levels throughout the year.

Our results are also impacted by fluctuations in the price of raw materials and other input costs. Cotton and polyester fibers are the primary raw materials used in the manufacture of our products, and we also use chemicals, dyestuffs, and trims, which we purchase from a variety of suppliers. Cotton prices are affected by consumer demand and global supply, which may be impacted by weather conditions in any given year, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries, and other factors that are generally unpredictable. While we enter into purchase contracts and derivative financial instruments in advance of delivery to establish firm prices for the cotton component of our yarn requirements, our realized cotton costs can fluctuate significantly between interim and annual reporting periods. Energy costs in our results of operations are also affected by fluctuations in crude oil, natural gas, and petroleum prices, which can also influence transportation costs and the cost of related items used in our business, such as polyester fibers, chemicals, dyestuffs, and trims. Changes in raw material costs are initially reflected in the cost of inventory and only impact net earnings when the respective inventories are sold.

Business acquisitions may affect the comparability of results. In addition, management decisions to consolidate or reorganize operations, including the closure of facilities, may result in significant restructuring costs in an interim or annual period. Subsection 5.5.5 entitled “Restructuring and acquisition-related (recovery) costs” in this MD&A contains a discussion of costs related to the Company’s restructuring actions and business acquisitions. Share repurchases have reduced our number of shares outstanding and increased our net earnings per share (EPS). The effect of asset write-downs, including allowances for expected credit losses, provisions for discontinued inventories, and impairments of long-lived assets can also affect the variability of our results. In the fourth quarter of fiscal 2023, we recorded a reversal of impairment of $41 million, compared to an impairment charge of $62 million in fiscal 2022 relating to our Hosiery cash-generating unit (CGU). Our results of operations over the past two years also include net insurance gains resulting from accrued insurance recoveries for the Company’s claims for losses relating to the two hurricanes in Central America in November 2020 (Q4 2022: $25.6 million, Q1 2023: $3.3 million and Q2 2023: $74 million), and a $16 million after-tax gain on the sale and leaseback of a distribution facility located in the United States in Q1 2023. Our results of operations over the past three quarters have been impacted by higher than usual SG&A expenses, due to costs relating to proxy contest and leadership changes and related matters (Q4 2023: $6.3 million, Q1 2024: $19.7 million and Q2 2024 $57.2 million), as explained in section 5.5.3 and section 15.0 of this MD&A.

Our reported amounts for net sales, cost of sales, SG&A expenses, and financial expenses or income are impacted by fluctuations in certain foreign currencies versus the U.S. dollar as described in the “Financial risk management” section of this MD&A. The Company periodically uses derivative financial instruments to manage risks related to fluctuations in foreign exchange rates.

5.3 Global Minimum Tax (GMT)

On June 20, 2024, the Government of Canada enacted the Global Minimum Tax Act (“GMTA”), implementing the key measures of the OECD’s Pillar Two global minimum tax regime in Canada, including the income inclusion rule and a domestic minimum top-up tax. The enactment of these rules in Canada ensures that Canadian-based multinational enterprises with annual revenues of €750 million or more are subject to a minimum effective tax rate of 15% on their profits in every jurisdiction where they operate. This is achieved through a system of top-up taxes to bring the enterprise’s effective tax rate in each jurisdiction to a minimum of 15%. The GMTA applies to the Company effective January 1, 2024. Under the GMTA, the Company is liable to pay a top-up tax in Canada if the effective tax rate in a jurisdiction is below the 15% minimum rate, as calculated under the Pillar Two rules on a jurisdiction-by-jurisdiction basis.

On May 21, 2024, the Government of Barbados enacted legislation introducing certain tax measures in response to the global implementation of the Pillar Two global minimum tax regime. These measures aim to include raising the corporate tax rate to 9% for most companies and implementing a domestic minimum top-up tax for large multinational enterprises operating in Barbados. Together, these measures aim to ensure that large multinational enterprises operating in Barbados are subject to a minimum effective tax rate of 15% on profits earned in Barbados. As a transitional rule, these measures apply in 2024 only to companies of multinational enterprises headquartered in jurisdictions that have adopted the Pillar Two rules. Consequently, following Canada's enactment of the GMTA on June 20, 2024, these measures apply to the Company’s Barbadian subsidiaries effective January 1, 2024, which together comprise the majority of the Company’s profits. As a result, effective January 1, 2024, the Company’s profits in Barbados are subject to an effective tax rate of 15% under Barbados’ domestic legislation, meaning no top-up tax is payable in Canada (refer to subsection 5.5.8 Income taxes in this MD&A for additional information).

5.4 Selected financial information

(in $ millions, except per share amounts or otherwise indicated)	Three months ended				Six months ended			
	Jun 30, 2024	Jul 2, 2023	Variation $	Variation %	**Jun 30, 2024**	Jul 2, 2023	Variation $	Variation %
Net sales	**862.2**	840.4	21.8	2.6 %	**1,558.0**	1,543.3	14.7	1.0 %
Gross profit	**262.0**	216.6	45.4	21.0 %	**473.1**	404.3	68.8	17.0 %
Adjusted gross profit(1)	**262.0**	216.8	45.2	20.8 %	**473.1**	401.2	71.9	17.9 %
SG&A expenses	**123.6**	78.1	45.5	58.3 %	**228.9**	159.9	69.0	43.2 %
Adjusted SG&A expenses(1)	**66.4**	78.1	(11.7)	(15.0)%	**152.1**	159.9	(7.8)	(4.9)%
Gain on sale and leaseback	**—**	—	—	n.m.	**—**	(25.0)	25.0	n.m.
Net insurance gains	**—**	(74.2)	74.2	n.m.	**—**	(74.2)	74.2	n.m.
Restructuring and acquisition-related (recovery) costs	**(2.9)**	30.0	(32.9)	n.m.	**(2.1)**	32.8	(34.9)	n.m.
Operating income	**141.2**	182.7	(41.5)	(22.7)%	**246.3**	310.7	(64.4)	(20.7)%
Adjusted operating income(1)	**195.5**	138.7	56.8	41.0 %	**321.0**	241.2	79.8	33.1 %
Adjusted EBITDA(1)	**232.3**	170.3	62.0	36.4 %	**389.4**	300.7	88.7	29.5 %
Financial expenses	**24.3**	20.7	3.6	17.4 %	**47.0**	37.7	9.3	24.7 %
Income tax expense	**58.5**	6.7	51.8	n.m.	**62.2**	20.1	42.1	n.m.
Adjusted income tax expense(1)	**46.5**	5.7	40.8	n.m.	**50.2**	9.6	40.6	n.m.
Net earnings	**58.4**	155.3	(96.9)	(62.4)%	**137.1**	252.9	(115.8)	(45.8)%
Adjusted net earnings(1)	**124.7**	112.3	12.4	11.0 %	**223.8**	193.9	29.9	15.4 %
Basic EPS	**0.35**	0.87	(0.52)	(59.8)%	**0.81**	1.42	(0.61)	(43.0)%
Diluted EPS	**0.35**	0.87	(0.52)	(59.8)%	**0.81**	1.41	(0.60)	(42.6)%
Adjusted diluted EPS(1)	**0.74**	0.63	0.11	17.5 %	**1.33**	1.08	0.25	23.1 %
Gross margin(2)	**30.4 %**	25.8 %	n/a	4.6 pp	**30.4 %**	26.2 %	n/a	4.2 pp
Adjusted gross margin(1)	**30.4 %**	25.8 %	n/a	4.6 pp	**30.4 %**	26.0 %	n/a	4.4 pp
SG&A expenses as a percentage of net sales(3)	**14.3 %**	9.3 %	n/a	5.0 pp	**14.7 %**	10.4 %	n/a	4.3 pp
Adjusted SG&A expenses as a percentage of net sales(1)	**7.7 %**	9.3 %	n/a	(1.6) pp	**9.8 %**	10.4 %	n/a	(0.6) pp
Operating margin(4)	**16.4 %**	21.7 %	n/a	(5.3) pp	**15.8 %**	20.1 %	n/a	(4.3) pp
Adjusted operating margin(1)	**22.7 %**	16.5 %	n/a	6.2 pp	**20.6 %**	15.6 %	n/a	5.0 pp

	Jun 30, 2024	Dec 31, 2023	Variation $	Variation %
Total assets	**3,739.3**	3,514.9	224.4	6.4 %
Total non-current financial liabilities	**919.0**	685.0	234.0	34.2 %
Net debt(1)	**1,238.3**	993.4	244.9	24.7 %
Quarterly cash dividend declared per common share	**0.205**	0.186	0.019	10.2 %
Net debt leverage ratio(1)	**1.6**	1.5	n/a	n/a

n.m. = not meaningful

n/a = not applicable

(1) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

(2) Gross margin is defined as gross profit divided by net sales.

(3) SG&A expenses as a percentage of net sales is defined as SG&A expenses divided by net sales.

(4) Operating margin is defined as operating income divided by net sales.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

5.5 Operating review

5.5.1 Net sales

	Three months ended				Six months ended			
(in $ millions, or otherwise indicated)	**Jun 30, 2024**	Jul 2, 2023	Variation $	%	**Jun 30, 2024**	Jul 2, 2023	Variation $	%
Activewear	**736.6**	691.7	44.9	6.5 %	**1,328.7**	1,279.6	49.1	3.8 %
Hosiery and underwear	**125.6**	148.7	(23.1)	(15.5)%	**229.3**	263.7	(34.4)	(13.0)%
Total net sales	**862.2**	840.4	21.8	2.6 %	**1,558.0**	1,543.3	14.7	1.0 %

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

Net sales were derived from customers located in the following geographic areas:

	Three months ended				Six months ended			
(in $ millions, or otherwise indicated)	**Jun 30, 2024**	Jul 2, 2023	Variation $	%	**Jun 30, 2024**	Jul 2, 2023	Variation $	%
United States	**763.8**	745.9	17.9	2.4 %	**1,381.8**	1,371.0	10.8	0.8 %
Canada	**27.5**	28.1	(0.6)	(2.1)%	**52.8**	53.8	(1.0)	(1.8)%
International	**70.9**	66.4	4.5	6.8 %	**123.4**	118.5	4.9	4.1 %
Total net sales	**862.2**	840.4	21.8	2.6 %	**1,558.0**	1,543.3	14.7	1.0 %

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

Higher net sales for the three and six months ended June 30, 2024, reflected sales increases in the Activewear category, partially offset by sales declines in the Hosiery and underwear category. The increases in Activewear sales of $45 million and $49 million for the three and six months period respectively, were primarily due to increased Activewear shipments reflecting positive POS trends across North American and International markets, as well as favourable mix which was mainly driven by higher replenishment of fleece by North American distributors. These factors were partly offset by lower net selling prices, primarily in the first quarter. Furthermore, strong activewear sales in the quarter reflected continued market share gains in key growth categories, including fleece and ring spun products. International markets were up respectively 7% and 4% for the three and six months period, reflecting signs of recovery in these markets and a positive market response to our recently introduced products featuring key innovation including our soft cotton technology. The sales decrease of $23 million in the Hosiery and underwear category for the second quarter and of $34 million in the first six months of 2024, was mainly due to the phase out of the Under Armour business, and to a lesser extent unfavourable mix and continued broader market weakness in innerwear. Excluding the impact of the Under Armour phase-out, Hosiery and underwear sales would have been up mid-single digits and low-single digits, for the second quarter and first half of the year, respectively.

5.5.2 Gross profit and adjusted gross profit

	Three months ended			Six months ended		
(in $ millions, or otherwise indicated)	**Jun 30, 2024**	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
Gross profit	**262.0**	216.6	45.4	**473.1**	404.3	68.8
Adjustment for:						
Net insurance losses (gains)(1)	**—**	0.2	(0.2)	**—**	(3.1)	3.1
Adjusted gross profit(2)	**262.0**	216.8	45.2	**473.1**	401.2	71.9
Gross margin	**30.4 %**	25.8 %	4.6 pp	**30.4 %**	26.2 %	4.2 pp
Adjusted gross margin(2)	**30.4 %**	25.8 %	4.6 pp	**30.4 %**	26.0 %	4.4 pp

(1) See subsection entitled "Certain adjustments to non-GAAP measures" for additional information on adjustments in section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

(2) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

The increase in gross profit and adjusted gross profit for the three and six months ended June 30, 2024 was driven by the increase in sales and higher gross margins. The increase in gross margin and adjusted gross margin in the second quarter and first six months of 2024 versus the same periods last year, are mainly a result of lower raw material and manufacturing input costs, partly offset by slightly lower average net selling prices, primarily in the first quarter.

5.5.3 Selling, general and administrative expenses (SG&A)

	Three months ended			Six months ended		
(in $ millions, or otherwise indicated)	**Jun 30, 2024**	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
SG&A expenses	**123.6**	78.1	45.5	**228.9**	159.9	69.0
Adjustment for:						
Costs relating to proxy contest and leadership changes and related matters(1)	**57.2**	—	57.2	**76.8**	—	76.8
Adjusted SG&A expenses(2)	**66.4**	78.1	(11.7)	**152.1**	159.9	(7.8)
SG&A expenses as a percentage of net sales	**14.3 %**	9.3 %	5.0 pp	**14.7 %**	10.4 %	4.3 pp
Adjusted SG&A expenses as a percentage of net sales(2)	**7.7 %**	9.3 %	(1.6) pp	**9.8 %**	10.4 %	(0.6) pp

(1) See subsection entitled "Certain adjustments to non-GAAP measures" for additional information on adjustments in section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

(2) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

For the three and six months ended June 30, 2024, SG&A expenses were respectively $124 million and $229 million, including expenses pertaining to the proxy contest, leadership changes and related matters. Excluding these charges in each period, adjusted SG&A expenses as a percentage of net sales were 7.7% in the quarter and 9.8% in the first half of 2024. The lower adjusted SG&A expenses as a percentage of net sales for the three and six months ended June 30, 2024 compared to the same period last year reflects the benefit of the jobs credit introduced by Barbados as explained below.

During the second quarter of fiscal 2024, the Government of Barbados enacted a jobs credit, in order to foster economic activity and employment in Barbados. The jobs credit is effective retroactively to January 1, 2024. The Company recognized $17.2 million (2023 - nil), as a reduction of SG&A expenses in the condensed interim consolidated statement of earnings and comprehensive income for this jobs credit. The retroactive impact of this jobs credit for the first quarter of fiscal 2024 has been accounted for in the Company’s 2024 second quarter results.

5.5.4 Gain on sale and leaseback and net insurance gains

During the first quarter of fiscal 2023, the Company entered into an agreement to sell and leaseback one of its distribution centres located in the U.S. The proceeds of disposition were $51 million. The Company recognized a right-of-use asset of $4 million and a lease obligation of $16 million. In addition, a pre-tax gain on sale of $25 million ($16 million after tax) was recognized in the condensed interim consolidated statements of earnings and comprehensive income in gain on sale and leaseback.

During the second quarter of fiscal 2023, the Company finalized an agreement with the insurer to close its insurance claims related to the two hurricanes which occurred in Central America in November 2020, and received a final insurance claims payment of $74 million, relating to the business interruption portion of its claims. This payment resulted in the recognition of a corresponding gain in the Company's condensed interim consolidated statement of earnings and comprehensive income in the second quarter of 2023.

5.5.5 Restructuring and acquisition-related (recovery) costs

	Three months ended			**Six months ended**		
(in $ millions)	**Jun 30, 2024**	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
Employee termination and benefit costs	**—**	15.3	(15.3)	**—**	15.8	(15.8)
Exit, relocation and other costs	**1.9**	7.2	(5.3)	**3.2**	9.9	(6.7)
Net (gain) loss on disposal, and write-downs of property, plant and equipment, right-of-use assets and computer software related to exit activities	**(4.8)**	7.5	(12.3)	**(5.3)**	7.1	(12.4)
Restructuring and acquisition-related (recovery) costs	**(2.9)**	30.0	(32.9)	**(2.1)**	32.8	(34.9)

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

Restructuring and acquisition-related recoveries for the six months ended June 30, 2024 related to the following: $5.3 million in gains on disposals primarily relating to the sublease of a closed distribution facility in the western United States, partially offset by costs of $3.2 million mainly related to the completion of previously initiated restructuring activities. Restructuring and acquisition-related costs for the six months ended July 2, 2023 related to the following: $28.5 million primarily for the consolidation and closure of manufacturing facilities in Central America, $2.9 million related to the December 2022 closure of a yarn-spinning plant in the U.S., and the exit cost from terminating a lease on a previously closed yarn facility, and $1.4 million mainly related to the completion of previously initiated restructuring activities.

5.5.6 Operating income and adjusted operating income

(in $ millions, or otherwise indicated)	Three months ended			Six months ended		
	Jun 30, 2024	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
Operating income	**141.2**	182.7	**(41.5)**	**246.3**	310.7	**(64.4)**
Adjustments for:						
Restructuring and acquisition-related (recovery) costs(1)	**(2.9)**	30.0	(32.9)	**(2.1)**	32.8	(34.9)
Net insurance gains(1)	**—**	(74.0)	74.0	**—**	(77.3)	77.3
Gain on sale and leaseback(1)	**—**	—	—	**—**	(25.0)	25.0
Costs relating to proxy contest and leadership changes and related matters(1)	**57.2**	—	57.2	**76.8**	—	76.8
Adjusted operating income(2)	**195.5**	138.7	56.8	**321.0**	241.2	79.8
Operating margin	**16.4 %**	21.7 %	(5.3) pp	**15.8 %**	20.1 %	(4.3) pp
Adjusted operating margin(2)	**22.7 %**	16.5 %	6.2 pp	**20.6 %**	15.6 %	5.0 pp

(1) See subsection entitled "Certain adjustments to non-GAAP measures" for additional information on adjustments in section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

(2) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

The decrease in operating income for the second quarter of fiscal 2024 compared to the same period last year was due to the impact of costs relating to the proxy contest and leadership changes and related matters, and the second quarter of 2023 including a $74 million insurance gain and $30 million in restructuring charges. These impacts were partially offset by higher gross profit. For the six months ended June 30, 2024, compared to the same period last year, the decrease in operating income also reflected the aforementioned items on a year-to-date basis, as well as the $25 million gain on sale and leaseback in 2023.

Adjusted operating income and adjusted operating margin (which excludes the 2024 costs for the proxy contest and leadership changes and related matters, restructuring and acquisition-related costs (and recoveries), and the 2023 net insurance gains and gain on sale and leaseback) was $196 million or 22.7% in the second quarter, and $321 million or 20.6% in the first half of 2024, representing an improvement of 620 and 500 basis points respectively, compared to last year. The increase in adjusted operating margin was mainly due to the improvement in adjusted gross margin and the benefits of the Barbados jobs credit as explained above.

5.5.7 Financial expenses, net

(in $ millions)	Three months ended			Six months ended		
	Jun 30, 2024	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
Interest expense on financial liabilities recorded at amortized cost	**18.1**	14.7	3.4	**34.1**	26.1	8.0
Bank and other financial charges	**5.9**	5.0	0.9	**10.8**	10.3	0.5
Interest accretion on discounted lease obligations	**1.2**	0.9	0.3	**2.2**	1.6	0.6
Interest accretion on discounted provisions	**0.1**	—	0.1	**0.2**	0.1	0.1
Foreign exchange (gain) loss	**(1.1)**	0.1	(1.2)	**(0.4)**	(0.4)	—
Financial expenses, net	**24.2**	20.7	3.5	**46.9**	37.7	9.2

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

The increase in interest expense for the three and six months ended June 30, 2024 was mainly due to the impact of higher effective interest rates on our long-term debt bearing interest at variable rates. The increase in bank and other financial charges was mainly due to higher variable rates on our receivables sale program. Foreign exchange gains and losses in both periods relate primarily to the revaluation of net monetary assets denominated in foreign currencies.

5.5.8 Income taxes

The Company's average effective income tax rate is calculated as follows:

	Three months ended			Six months ended		
(in $ millions, or otherwise indicated)	**Jun 30, 2024**	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
Income tax expense:						
Tax expense excluding impact of GMT and other items below	**7.5**	5.7	1.8	**11.2**	9.6	1.6
Q1 2024 retroactive impact of GMT	**15.5**	—	15.5	**15.5**	—	15.5
Q2 2024 impact of GMT	**23.5**	—	23.5	**23.5**	—	23.5
Income tax expense relating to restructuring charges and other adjustments	**0.5**	1.0	(0.5)	**0.5**	10.5	(10.0)
Tax rate changes resulting in the revaluation of deferred income tax assets and liabilities	**11.5**	—	11.5	**11.5**	—	11.5
Total income tax expense	**58.5**	6.7	51.8	**62.2**	20.1	42.1
Adjustments for:						
Income tax expense relating to restructuring charges and other adjustments	**(0.5)**	(1.0)	0.5	**(0.5)**	(10.5)	10.0
Tax rate changes resulting in the revaluation of deferred income tax assets and liabilities	**(11.5)**	—	(11.5)	**(11.5)**	—	(11.5)
Adjusted income tax expense(3)	**46.5**	5.7	40.8	**50.2**	9.6	40.6
Earnings before income taxes	**116.9**	162.0	(45.1)	**199.3**	273.0	(73.7)
Adjustments(1)(4)	**54.3**	(44.0)	98.3	**74.7**	(69.5)	144.2
Adjusted earnings before income taxes(3)	**171.2**	118.0	53.2	**274.0**	203.5	70.5
Average effective income tax rate(2)	**50.1 %**	4.1 %	46.0 pp	**31.2 %**	7.4 %	23.8 pp
Adjusted effective income tax rate(3)	**27.2 %**	4.8 %	22.4 pp	**18.3 %**	4.7 %	13.6 pp

(1) See subsection entitled "Certain adjustments to non-GAAP measures" for additional information on adjustments in section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

(2) Average effective income tax rate is calculated as income tax expense divided by earnings before income taxes.

(3) Adjusted income tax expense (new in Q2 2024) and adjusted earnings before income tax (new in Q2 2024) are non-GAAP financial measures, and adjusted effective income tax rate (new in Q2 2024) is a non-GAAP ratio calculated as adjusted income tax expense divided by adjusted earnings before income taxes. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

(4) Adjustments for the three and six months ended June 30, 2024 of $54.3 million and $74.7 million, respectively, include costs relating to proxy contest and leadership changes and related matters net of restructuring and acquisition-related recoveries. Adjustments for the three and six months ended July 2, 2023 of $44.0 million (gain) and $69.5 million (gain), respectively, include net insurance gains and gain on sale and leaseback partially offset by restructuring and acquisition-related costs.

The increase in income tax expense for the first six months of 2024 compared to the same period last year is mainly due to the impact of the implementation of the Global Minimum Tax Act (GMTA) in Canada in June 2024, retroactive to January 1, 2024, as well the Government of Barbados enacting legislation introducing certain tax measures in response to the global implementation of the Pillar Two global minimum tax regime. Refer to section 5.3 of this MD&A for more information on the new tax legislation. As a result of these developments, the Company's effective tax rate on profits earned in Barbados has increased from 1% to 15%. The retroactive impact of these measures for the first quarter of 2024 has been recorded in the second quarter of 2024, as noted in the above table. In addition, the Company has revalued its deferred income tax liabilities relating to its Barbados operations, as a result of the increase in the Barbados statutory tax rate, resulting in a deferred income tax charge of $11.5 million in the second quarter of 2024. The income tax expense for the first half of 2023 included tax charges of $10.5 million mainly related to the gain on sale and leaseback of a distribution facility.

The increase in the effective income tax rate on a GAAP basis for the six months ended June 30, 2024 compared to the same period last year is due to the factors noted above, as well as the impact of $76.8 million on charges incurred in Canada relating to the proxy contest, leadership changes and related matters, whereby these charges are not yielding any tax benefit in Canada. These factors were partially offset by the tax charges in the first six months of 2023 which primarily related to the gain on sale leaseback.

The adjusted effective tax rate of 18.3% for the six months ended June 30, 2024, which excludes the $11.5 million deferred tax charge relating to the impact of Barbados tax rate changes on deferred income tax liabilities, and the impact of the above noted charges incurred in Canada, is reflective of the adjusted effective tax rate that is expected for the 2024 full year taking into account the new 15% effective tax rate for the Company's Barbados operations.

5.6 Net earnings, adjusted net earnings, and earnings per share measures

	Three months ended			**Six months ended**		
(in $ millions, except per share amounts)	**Jun 30, 2024**	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
Net earnings	**58.4**	155.3	(96.9)	**137.1**	252.9	(115.8)
Adjustments for:						
Restructuring and acquisition-related (recovery) costs(1)	**(2.9)**	30.0	(32.9)	**(2.1)**	32.8	(34.9)
Net insurance gains(1)	**—**	(74.0)	74.0	**—**	(77.3)	77.3
Gain on sale and leaseback(1)	**—**	—	—	**—**	(25.0)	25.0
Costs relating to proxy contest and leadership changes and related matters(1)	**57.2**	—	57.2	**76.8**	—	76.8
Income tax expense relating to the above-noted adjustments	**0.5**	1.0	(0.5)	**0.5**	10.5	(10.0)
Income tax recovery related to the revaluation of deferred income tax assets and liabilities	**11.5**	—	11.5	**11.5**	—	11.5
Adjusted net earnings(2)	**124.7**	112.3	12.4	**223.8**	193.9	29.9
Basic EPS	**0.35**	0.87	(0.52)	**0.81**	1.42	(0.61)
Diluted EPS	**0.35**	0.87	(0.52)	**0.81**	1.41	(0.60)
Adjusted diluted EPS(2)	**0.74**	0.63	0.11	**1.33**	1.08	0.25

(1) See subsection entitled "Certain adjustments to non-GAAP measures" for additional information on adjustments in section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

(2) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

The decline in GAAP net earnings for the quarter and the first six months of 2024 compared to the same periods last year was mainly due to the decrease in operating income (which includes the impact of costs relating proxy contest and leadership changes and related matters), higher financial expenses, and higher income taxes due to the impact of GMT in Canada and Barbados as detailed in sections 5.3 and 5.5.8 above. For both periods, adjusted net earnings increased year over year as a result of the higher adjusted operating income, partially offset by the higher financial and income tax expenses. Year over year changes in GAAP diluted EPS and adjusted diluted EPS also reflect the benefit of share repurchases net of the related additional finance expense.

6.0 FINANCIAL CONDITION

6.1 Current assets and current liabilities

(in $ millions)	**Jun 30, 2024**	Dec 31, 2023	Variation
Cash and cash equivalents	**90.3**	89.6	0.7
Trade accounts receivable	**599.0**	412.5	186.5
Inventories	**1,110.4**	1,089.4	21.0
Prepaid expenses, deposits and other current assets	**78.3**	96.0	(17.7)
Assets held for sale	**7.2**	—	7.2
Accounts payable and accrued liabilities	**(463.8)**	(408.3)	(55.5)
Income tax payable	**(21.0)**	(1.6)	(19.4)
Current portion of lease obligations	**(16.3)**	(14.2)	(2.1)
Current portion of long-term debt	**(300.0)**	(300.0)	—
Total working capital(1)	**1,084.1**	963.4	120.7
Current ratio(2)	**2.4**	2.3	n.m.

n.m. = not meaningful

(1) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

(2) Current ratio is defined as current assets divided by current liabilities.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

- The increase in trade accounts receivable (which are net of accrued sales discounts) was mainly due to the impact of higher days sales outstanding (DSO) as a result of longer payment terms, seasonally lower volumes under our receivables sales program, and a seasonally lower offset for accruals for sales discounts compared to the end of fiscal 2023 (mainly relating to the payout of annual rebate programs in the first quarter of fiscal 2024).

- The increase in inventories was mainly due to increases in raw material and work-in-progress volumes to support planned increases in production, partly offset by slightly lower finished goods inventories due to lower unit costs and inventory volumes.

- Prepaid expenses, deposits and other current assets are lower mainly due to seasonal decreases.
- Assets held for sale relate to the pending sale of a former yarn spinning facility located in the U.S. (following the closure of the facility during fiscal 2022).

- The increase in accounts payable and accrued liabilities is mainly the result of seasonal increases, higher days of purchases in payables.

- The increase in income tax payable is mainly due to a higher effective tax rate in Barbados following the enactment of GMT, partially offset by the accrued refundable jobs credit (refer to section 5.5.3 in this MD&A for more details).

- Working capital was $1,084.1 million as at June 30, 2024, compared to $963.4 million as at December 31, 2023. The current ratio at the end of the second quarter of fiscal 2024 was 2.4, compared to 2.3 at the end of fiscal 2023.

6.2 Property, plant and equipment, right-of-use assets, intangible assets, and goodwill

(in $ millions)	Property, plant and equipment	Right-of-use assets	Intangible assets	Goodwill
Balance, December 31, 2023	1,174.5	81.4	261.4	271.7
Additions	80.5	16.7	2.4	—
Depreciation and amortization	(56.1)	(7.2)	(7.0)	—
Net carrying amounts of disposals and write-downs	(8.1)	(6.1)	—	—
Balance, June 30, 2024	**1,190.8**	**84.8**	**256.8**	**271.7**

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

- Additions in property, plant and equipment are mainly due to capital expenditures related to the expansion of textile and sewing manufacturing operations, as well as modernization of the yarn facilities obtained through the acquisition of Frontier Yarns in December 2021.
- The increase in right-of-use assets mainly reflects the impact of distribution facility lease renewals entered into during the first half of fiscal 2024, partially offset by the impact of depreciation, as well as disposals mainly for a closed distribution facility in the western U.S (refer to subsection 5.5.5 Restructuring and acquisition-related (recovery) costs for additional information), during the six months ended June 30, 2024.
- Intangible assets are comprised of customer contracts and relationships, trademarks, license agreements, non-compete agreements, and computer software. The decrease in intangible assets mainly reflects the amortization of $7 million.

6.3 Other non-current assets and non-current liabilities

(in $ millions)	**Jun 30, 2024**	Dec 31, 2023	Variation
Deferred income tax assets	**21.7**	24.0	(2.3)
Other non-current assets	**28.1**	14.3	13.8
Long-term debt	**(919.0)**	(685.0)	(234.0)
Lease obligations	**(93.3)**	(83.9)	(9.4)
Deferred income tax liabilities	**(28.9)**	(18.1)	(10.8)
Other non-current liabilities	**(44.7)**	(46.3)	1.6

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

- See section 8.0 of this MD&A entitled “Liquidity and capital resources” and subsection 7.4 of this MD&A entitled "Cash flows from (used in) financing activities", for the discussion on long-term debt.
- The increase in lease obligations mainly reflects the impact of distribution facility lease renewals entered into during the first half of fiscal 2024, partially offset by payments made during the six months ended June 30, 2024.
- The increase in other non-current assets includes the impact of a sublease asset for a closed distribution facility in the western United States.
- The net increase in deferred income tax liabilities is mainly due to the revaluation of deferred tax assets and liabilities resulting from the increase in the Barbados statutory tax rate, as explained in section 5.5.8 Income taxes in this MD&A.
- Other non-current liabilities include provisions and employee benefit obligations.

7.0 CASH FLOWS

7.1 Cash flows from (used in) operating activities

	Three months ended			Six months ended		
(in $ millions)	**Jun 30, 2024**	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
Net earnings	**58.4**	155.3	(96.9)	**137.1**	252.9	(115.8)
Adjustments for:						
Depreciation and amortization	**36.8**	31.6	5.2	**68.4**	59.5	8.9
Non-cash restructuring gains related to property, plant and equipment, right-of-use assets, and computer software	**(4.9)**	7.5	(12.4)	**(5.4)**	7.1	(12.5)
Cash settled share-based awards in connection with outgoing executives termination benefits	**(15.4)**	—	(15.4)	**(15.4)**	—	(15.4)
Gain on disposal of property, plant and equipment	**—**	(0.1)	0.1	**—**	(25.1)	25.1
Deferred income taxes	**13.8**	2.5	11.3	**13.0**	9.9	3.1
Share-based compensation	**37.0**	8.1	28.9	**43.2**	16.1	27.1
Other	**(11.7)**	11.3	(23.0)	**(12.4)**	6.9	(19.3)
Changes in non-cash working capital balances	**26.0**	(34.4)	60.4	**(115.9)**	(325.0)	209.1
Cash flows from (used in) operating activities	**140.0**	181.8	(41.8)	**112.6**	**2.3**	110.3

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

- Cash flows from operating activities were $113 million for the six months ended June 30, 2024, compared to cash flows from operating activities of $2 million in the corresponding period last year. The change was mainly due to the impact of a lower increase in non-cash working capital, as explained below, partially offset
by lower net earnings which reflected cash outlays related to the proxy contest and leadership changes.

- Non-cash working capital increased by $116 million during the six months ended June 30, 2024, compared to an increase of $325 million during the six months ended July 2, 2023. The lower increase was mainly due to a lower increase in trade accounts receivables, as well as an increase in income taxes payable and accounts payable and accrued liabilities compared to a decrease in the same period last year.

7.2 Cash flows from (used in) investing activities

	Three months ended			Six months ended		
(in $ millions)	**Jun 30, 2024**	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
Purchase of property, plant and equipment	**(35.5)**	(54.1)	18.6	**(77.7)**	(127.1)	49.4
Purchase of intangible assets	**(0.7)**	(1.9)	1.2	**(2.5)**	(2.8)	0.3
Proceeds from sale and leaseback and other disposals of property, plant and equipment	**0.1**	0.3	(0.2)	**0.2**	51.3	(51.1)
Cash flows from (used in) investing activities	**(36.1)**	(55.7)	19.6	**(80.0)**	(78.6)	(1.4)

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

- Cash flows used in investing activities were $80 million for the six months ended June 30, 2024, compared to cash flows used in investing activities of $79 million in the corresponding period last year. The slight change was mainly due to proceeds from the sale and leaseback of one of our U.S. distribution centres in 2023, offset by lower capital expenditures in 2024.

- Capital expenditures[2] for the six months ended June 30, 2024 are described in section 6.2 of this MD&A entitled "Property, plant and equipment, right-of-use assets, intangible assets, and goodwill".

7.3 Free cash flow

	Three months ended			Six months ended		
(in $ millions)	**Jun 30, 2024**	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
Cash flows from (used in) operating activities	**140.1**	181.8	(41.7)	**112.7**	2.4	110.3
Cash flows from (used in) investing activities	**(36.2)**	(55.8)	19.6	**(80.1)**	(78.6)	(1.5)
Adjustment for:						
Business acquisitions	**—**	—	—	**—**	—	—
Free cash flow[(1)]	**103.9**	126.0	(22.1)	**32.6**	(76.2)	108.8

(1) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.
Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

- The year-over-year increase in free cash flow of $109 million for the six months ended June 30, 2024 was mainly due to the $110 million improvement in operating cash flows (as explained in section 7.1 of this MD&A entitled "Cash flows from (used in) operating activities").

(2) Capital expenditures include purchases of property, plant and equipment and intangible assets.

7.4 Cash flows from (used in) financing activities

	Three months ended			Six months ended		
(in $ millions)	**Jun 30, 2024**	Jul 2, 2023	Variation	**Jun 30, 2024**	Jul 2, 2023	Variation
Increase (decrease) in amounts drawn under revolving long-term bank credit facility	**79.0**	15.0	64.0	**234.0**	215.0	19.0
Payment of lease obligations	**(3.0)**	(4.1)	1.1	**(6.8)**	(17.1)	10.3
Dividends paid	**(69.2)**	(67.2)	(2.0)	**(69.2)**	(67.2)	(2.0)
Proceeds from the issuance of shares	**1.2**	1.0	0.2	**1.6**	6.1	(4.5)
Repurchase and cancellation of shares	**(112.5)**	(75.7)	(36.8)	**(169.2)**	(107.7)	(61.5)
Share repurchases for settlement of non-Treasury RSUs	**—**	—	—	**(13.9)**	(19.6)	5.7
Withholding taxes paid pursuant to the settlement of non-Treasury RSUs	**(0.1)**	(0.1)	—	**(8.2)**	(15.4)	7.2
Cash flows from (used in) financing activities	**(104.6)**	(131.1)	26.5	**(31.7)**	(5.9)	(25.8)

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

- Cash flows used in financing activities for the six months ended June 30, 2024 and the six months ended July 2, 2023 of $32 million and $6 million, respectively, were mainly from the repurchase and cancellation of common shares under the NCIB programs as discussed in section 8.7 of this MD&A, the payment of dividends, funds used for the settlement of the stock-based awards vesting during the first six months of the year, and payments made during the period on lease obligations, partially offset by cash inflows of $234 million (2023 - $215 million) from funds drawn on our long-term bank credit facilities.

8.0 LIQUIDITY AND CAPITAL RESOURCES

8.1 Capital allocation framework

Historically, our primary uses of funds have been for working capital requirements, capital expenditures, the payment of dividends and share repurchases, and business acquisitions, which we have funded with cash generated from operations and with funds drawn from our long-term debt facilities. We have established a capital allocation framework intended to enhance sales and earnings growth as well as shareholder returns. After funding working capital needs, our first priority of cash use is to fund our organic growth with the required capital investments. Beyond these requirements, our next priorities for capital allocation are to support our dividends and repurchase shares. Occasionally, we use capital for opportunistic complementary acquisitions with a preference towards opportunities that could enhance our supply chain model.

The Company has currently set a net debt leverage target ratio[3] of 1.5 to 2.5 times pro-forma adjusted EBITDA for the trailing twelve months (previously 1.5 to 2.0 times), which it believes will provide an efficient capital structure and a framework within which it can execute on its capital allocation priorities. We expect that cash flows from operating activities and the unutilized financing capacity under our long-term debt facilities, as well as our ability to obtain additional debt financing if required, will continue to provide us with sufficient liquidity to fund our organic growth strategy, including anticipated working capital requirements and projected capital expenditures of 5% of sales in 2024, as well as for returning capital to shareholders through dividends and continued share repurchases in line with our leverage framework and value considerations. Refer to note 26 of the audited annual consolidated financial statements for the year ended December 31, 2023 for a discussion on the Company's liquidity risk.

(3) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

8.2 Long-term debt and net debt and net debt leverage ratio

The Company's long-term debt as at June 30, 2024 is described below:

(in $ millions, or otherwise indicated)	Effective interest rate[1]	Principal amount Jun 30, 2024	Principal amount Dec 31, 2023	Maturity date
Non-current portion of long-term debt				
Revolving long-term bank credit facility, interest at variable U.S. interest rate[2][3]	**6.7%**	**469.0**	235.0	**March 2027**
Term loan, interest at variable U.S. interest rate, payable monthly[2][4]	**4.6%**	**300.0**	300.0	**June 2026**
Notes payable, interest at fixed rate of 2.91%, payable semi-annually[5]	**2.9%**	**100.0**	100.0	**August 2026**
Notes payable, interest at Adjusted SOFR plus a spread of 1.57%, payable quarterly[5][6]	**2.9%**	**50.0**	50.0	**August 2026**
		919.0	685.0	
Current portion of long-term debt				
Delayed draw term loan (DDTL), interest at variable U.S. interest rate, payable monthly[2][4]	**7.0%**	**300.0**	300.0	**May 2025**
		300.0	300.0	
Long-term debt (including current portion)		**1,219.0**	985.0	

(1) Represents the annualized effective interest rate for the six months ended June 30, 2024, including the cash impact of interest rate swaps, where applicable.

(2) Secured Overnight Financing Rate (SOFR) advances at adjusted Term SOFR (includes a 0% to 0.25% reference rate adjustment) plus a spread ranging from 1% to 3%.

(3) The Company’s committed unsecured revolving long-term bank credit facility of $1 billion provides for an annual extension which is subject to the approval of the lenders. The spread added to the adjusted Term SOFR is a function of the total net debt to EBITDA ratio (as defined in the credit facility agreement and its amendments). In addition, an amount of $44.0 million (December 31, 2023 - $36.0 million) has been committed against this facility to cover various letters of credit.

(4) The unsecured term loan is non-revolving and can be prepaid in whole or in part at any time with no penalties. The spread added to the adjusted Term SOFR is a function of the total net debt to EBITDA ratio (as defined in the term loan agreements and its amendments).

(5) The unsecured notes issued to accredited investors in the U.S. private placement market can be prepaid in whole or in part at any time, subject to the payment of a prepayment penalty as provided for in the note purchase agreement.

(6) Adjusted SOFR rate is determined on the basis of floating rate notes that bear interest at a floating rate plus a spread of 1.57%.

On May 26, 2023, the Company amended its $300 million term loan to include an additional $300 million DDTL with a one-year maturity from the effective date. On May 16, 2024, the Company extended the term of the DDTL to May 26, 2025. All other terms of the agreement remained unchanged.

The Company was in compliance with all financial covenants at June 30, 2024. The Company expects to maintain compliance with its covenants over the next twelve months, based on its current expectations and forecasts.

(in $ millions)	**Jun 30, 2024**	Dec 31, 2023
Long-term debt (including current portion)	**1,219.0**	985.0
Bank indebtedness	**—**	—
Lease obligations (including current portion)	**109.6**	98.1
Total debt(1)	**1,328.6**	1,083.1
Cash and cash equivalents	**(90.3)**	(89.6)
Net debt(1)	**1,238.3**	993.4

(1) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

The primary measure used by the Company to monitor its financial leverage is its net debt leverage ratio as defined in section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A. Gildan's net debt leverage ratio as at June 30, 2024 was 1.6 times (1.5 times at December 31, 2023) which was within the Company's target range. The Company's net debt leverage ratio is calculated as follows:

(in $ millions, or otherwise indicated)	**Jun 30, 2024**	Dec 31, 2023
Adjusted EBITDA for the trailing twelve months(1)	**763.1**	674.5
Adjustment for:		
Business acquisitions	**—**	—
Pro-forma adjusted EBITDA for the trailing twelve months	**763.1**	674.5
Net debt(1)	**1,238.3**	993.4
Net debt leverage ratio(1)(2)	**1.6**	1.5

(1) This is a non-GAAP financial measure or ratio. See section 15.0 "Definition and reconciliation of non-GAAP financial measures" in this MD&A.

(2) The Company's net debt to EBITDA ratio for purposes of its loan and note agreements was 1.8 at June 30, 2024.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

The total net debt to EBITDA ratios (as defined in the credit facility and note agreements and their amendments) vary from the definition of the Company's non-GAAP ratio and non-GAAP financial measures "net debt leverage ratio" and "adjusted EBITDA" respectively, as presented in this MD&A in certain respects. The definitions in the loan and note purchase agreements include letters of credit in net debt, exclude certain cash balances, and are based on accounting for all leases in accordance with previous accounting principles whereby the Company's leases for premises were accounted for as operating leases, while the Company's reported net debt leverage ratio reflects lease accounting in accordance with the Company's current accounting policies. In addition, adjustments permitted to EBITDA in the loan and note agreements vary from the adjustments used by the Company in calculating its adjusted EBITDA non-GAAP financial measure. As a result of these differences, our total net debt to EBITDA ratio for purposes of our loan and note agreements was 1.8 at the end of the second quarter of fiscal 2024 (1.6 at December 31, 2023).

The Company, upon approval from its Board of Directors, may issue or repay long-term debt, issue or repurchase shares, or undertake other activities as deemed appropriate under the specific circumstances.

8.3 Off-balance sheet arrangements and maturity analysis of contractual obligations

In the normal course of business, we enter into contractual obligations that will require us to disburse cash over future periods. The following table sets forth the maturity of our contractual obligations by period as at June 30, 2024.

(in $ millions)	**Carrying amount**	Contractual cash flows	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Accounts payable and accrued liabilities	**463.8**	463.8	463.8	—	—	—
Long-term debt	**1,219.0**	1,219.0	300.0	919.0	—	—
Interest obligations(1)	**—**	154.5	72.7	81.8	—	—
Purchase and other obligations(2)	**—**	590.5	398.1	136.0	56.4	—
Lease obligations	**109.6**	133.7	23.0	40.5	24.5	45.7
Total contractual obligations	**1,792.4**	2,561.5	1,257.6	1,177.3	80.9	45.7

(1) Interest obligations include expected interest payments on long-term debt as at June 30, 2024 (assuming balances remain outstanding through to maturity). For variable rate debt, the Company has applied the rate applicable at June 30, 2024 to the currently established maturity dates.

(2) Purchase and other obligations includes commitments to purchase raw materials and equipment, as well as minimum royalty obligations (nil as at June 30, 2024) and other contractual commitments.

As disclosed in note 24 to our fiscal 2023 audited annual consolidated financial statements, we have granted financial guarantees, irrevocable standby letters of credit, and surety bonds to third parties to indemnify them in the event the Company and some of our subsidiaries do not perform their contractual obligations. As at June 30, 2024, the maximum potential liability under these guarantees was $174 million, of which $15 million was for surety bonds and $159 million was for financial guarantees and standby letters of credit.

8.4 Derivative instruments

The Company may periodically use derivative financial instruments to manage risks related to fluctuations in foreign exchange rates, commodity prices, interest rates, and changes in the price of our common shares under our share-based compensation plans. Derivative financial instruments are not used for speculative purposes. As at June 30, 2024, the Company's outstanding derivative financial instruments (most of which are designated as effective hedging instruments) consist of foreign exchange and commodity forward, option, and swap contracts, as well as floating-to-fixed interest rate swaps to fix the variable interest rates on a designated portion of borrowings under the Company's term loans and unsecured notes. For more information about our derivative financial instruments, please refer to notes 9 and 10 to the unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2024.

8.5 Outstanding share data

Our common shares are listed on the New York Stock Exchange (NYSE) and the Toronto Stock Exchange (TSX) under the symbol GIL. As at July 26, 2024, there were 162,610,386 common shares issued and outstanding along with 438,703 stock options and 50,304 dilutive restricted share units (Treasury RSUs) outstanding. Each stock option entitles the holder to purchase one common share at the end of the vesting period at a pre-determined exercise price. Each Treasury RSU entitles the holder to receive one common share from treasury at the end of the vesting period, without any monetary consideration being paid to the Company. Treasury RSUs are used exclusively for one-time awards to attract candidates or for retention purposes and their vesting conditions, including any performance objectives, are determined by the Board of Directors at the time of grant.

8.6 Declaration of dividend

On July 31, 2024, the Board of Directors declared a cash dividend of $0.205 per share for an expected aggregate payment of $34 million which will be paid on September 16, 2024 on all of the issued and outstanding common shares of the Company, rateably and proportionately, to the holders of record on August 22, 2024. This dividend is an "eligible dividend" for the purposes of the Income Tax Act (Canada) and any other applicable provincial legislation pertaining to eligible dividends.

As part of the Company's capital allocation framework as described in section 8.1 of this MD&A, the Board of Directors considers several factors when deciding to declare quarterly cash dividends, including the Company's present and future earnings, cash flows for working capital requirements, capital expenditures, debt covenant and repayment obligations, capital requirements, the macro-economic environment, and present and future regulatory and legal restrictions.

The Company's dividend payout policy and the declaration of dividends are subject to the discretion of the Board of Directors and, consequently, there can be no assurances that Gildan's dividend policy will be maintained or that dividends will be declared in respect of any quarter or other future periods. The declaration of dividends by the Board of Directors is ultimately dependent on the Company's operations and financial results which are, in turn, subject to various assumptions and risks, including those set out in this MD&A.

8.7 Normal course issuer bid (NCIB)

In August 2023, the Company received approval from the TSX to renew its normal course issuer bid (NCIB) program commencing on August 9, 2023, to purchase for cancellation a maximum of 8,778,638 common shares, representing approximately 5% of the Company's issued and outstanding common shares, as at July 31, 2023 (the reference date for the NCIB). The Company was authorized to make purchases under the renewed NCIB until August 8, 2024 in accordance with the requirements of the TSX. On May 29, 2024, the Company announced that it had received approval from the TSX to amend its NCIB in order to increase the maximum number of common shares that may be repurchased to 17,124,249 common shares, representing 10% of the public float as at July 31, 2023. No other terms of the NCIB have been amended at such time.

On July 31, 2024, the Company received approval from the TSX to renew its NCIB program commencing on August 9, 2024, to purchase for cancellation a maximum of 16,106,155 common shares, representing approximately 10% of the Company's public float, as at July 26, 2024 (the reference date for the renewed NCIB). The Company is authorized to make purchases under the renewed NCIB until August 8, 2025, in accordance with the requirements of the TSX. Purchases will be made by means of open market transactions on both the TSX and the New York Stock Exchange (NYSE), or alternative U.S. or Canadian trading systems if eligible, or by such other means as may be permitted by securities regulatory authorities, including pre-arranged crosses, exempt offers, private agreements under an issuer bid exemption order issued by securities regulatory authorities and block purchases of common shares. The average daily trading volume of common shares on the TSX (ADTV) for the six-month period ended June 30, 2024, was 320,839. Consequently, and in accordance with the requirements of the TSX, the Company may purchase, in addition to purchases made on other exchanges including the NYSE, up to a maximum of 80,209 common shares daily through the facilities of the TSX, which represents 25% of the ADTV for the most recently completed six-month period noted above.

In connection with each of its 2023-2024 and 2024-2025 NCIB programs, the Company entered into an automatic share purchase plan (ASPP) with a designated broker which allows for the purchase of common shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its common shares due to regulatory restrictions or self-imposed trading blackout periods.

During the six months ended June 30, 2024, the Company repurchased for cancellation a total of 4,530,831 common shares under its NCIB program for a total cost of $168 million, of which $7 million was charged to share capital and the balance was charged to retained earnings.

The total cash outlay in the first six months of fiscal 2024 for share repurchases was $169 million (first six months of 2023 - $110 million), based on the settlement date of share repurchases.

9.0 LEGAL PROCEEDINGS

9.1 Claims and litigation

The Company is a party to claims and litigation arising in the normal course of operations. The Company does not expect the resolution of these matters to have a material adverse effect on the financial position or results of operations of the Company.

10.0 FINANCIAL RISK MANAGEMENT

The Company is exposed to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk, interest rate risk, commodity price risk, as well as risks arising from changes in the price of our common shares under our share-based compensation plans. Please refer to note 26 of the audited annual consolidated financial statements for the year ended December 31, 2023 for additional details, and for more information about our derivative financial instruments, please refer to notes 9 and 10 of the unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2024.

11.0 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Our significant accounting policies are described in note 3 to our fiscal 2023 audited consolidated financial statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

11.1 Critical judgments in applying accounting policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- Determination of cash-generating units (CGUs)
- Income taxes

11.2 Key sources of estimation uncertainty

Key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

- Recoverability and impairment of non-financial assets
- Other sources of estimation uncertainty

For a more detailed discussion on these areas requiring the use of management estimates and judgments, please refer to note 3 to our fiscal 2023 audited consolidated financial statements.

12.0 ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET APPLIED

12.1 Accounting policies

The Company's unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2024 were prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The Company applied the same accounting policies in the preparation of the unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2024 as those disclosed in note 3 of its fiscal 2023 audited annual consolidated financial statements, except as described below.

<u>On January 1, 2024 the Company adopted the following new or amended accounting standards</u>:

Amendments to IAS 1, Presentation of Financial Statements

On January 23, 2020, the IASB issued narrow-scope amendments to IAS 1, Presentation of Financial Statements, to clarify how to classify debt and other liabilities as current or non-current. The amendments (which affect only the presentation of liabilities in the statement of financial position) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period to defer settlement by at least twelve months and make explicit that only rights in place at the end of the reporting period should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services. On October 31, 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1). These further amendments clarify how to address the effects on classification and disclosure of covenants which an entity is required to comply with on or before the reporting date and covenants which an entity must comply with only after the reporting date. The 2020 amendments and the 2022 amendments (collectively "the Amendments") are effective for annual periods beginning on or after January 1, 2024 and are applied retrospectively. The amendment of IAS 1 had no impact on the Company's consolidated financial statements.

12.2 New accounting standards and interpretations not yet applied

Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, and are not expected to have an impact on the Company's consolidated financial statements. Early adoption is permitted.

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The Company is currently evaluating the impact of the adoption of IFRS 18 on its consolidated financial statements.

13.0 INTERNAL CONTROL OVER FINANCIAL REPORTING

Changes in internal controls and procedures

There have been no changes in the Company's internal control over financial reporting that occurred during the period beginning on April 1, 2024 and ended on June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

14.0 RISKS AND UNCERTAINTIES

In note 26 of our 2023 audited annual consolidated financial statements we describe certain risks related to financial instruments and in our 2023 Annual MD&A under the section “Risks and uncertainties”, we describe the principal risks that could have a material and adverse effect on our financial condition, results of operations or business, cash flows, or the trading price of our common shares, as well as cause actual results to differ materially from our expectations expressed in or implied by our forward-looking statements. The risks listed below are not the only risks that could affect the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our financial condition, results of operations, cash flows, or business. The risks described in our 2023 Annual MD&A include:

- Our ability to implement our growth strategies and plans
- Our ability to compete effectively
- Our ability to integrate acquisitions
- We may be negatively impacted by changes in general economic and financial conditions
- We rely on a small number of significant customers
- Our customers do not commit to purchase minimum quantities
- Our ability to anticipate, identify, or react to changes in consumer preferences and trends
- Our ability to manage production and inventory levels effectively in relation to changes in customer demand
- We may be negatively impacted by fluctuations and volatility in the price of raw materials used to manufacture our products
- We rely on key suppliers
- We may be negatively impacted by climate, political, social, and economic risks, natural disasters, pandemics, and endemics in the countries in which we operate or from which we source production
- Compliance with laws and regulations in the various countries in which we operate and the potential negative effects of litigation and/or regulatory actions
- We rely on certain international trade (including multilateral and bilateral) agreements and preference programs and are subject to evolving international trade regulations
- Factors or circumstances that could increase our effective income tax rate
- Compliance with environmental and health and safety regulations
- Global climate change could have an adverse impact on our business
- Compliance with product safety regulations
- We may be negatively impacted by changes in our relationship with our employees or changes to domestic and foreign employment regulations
- We may experience negative publicity as a result of actual, alleged, or perceived violations of labour laws or international labour standards, unethical labour, and other business practices
- Our ability to protect our intellectual property rights
- We rely significantly on our information systems for our business operations
- We may be negatively impacted by data security breaches or data privacy violations
- We depend on key management and our ability to attract and/or retain key personnel
- Rapid developments in artificial intelligence could adversely impact our business

15.0 DEFINITION AND RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND RELATED RATIOS

We use non-GAAP financial measures, as well as non-GAAP ratios to assess our operating performance and financial condition. The terms and definitions of the non-GAAP financial measures used in this MD&A and a reconciliation of each non-GAAP measure to the most directly comparable GAAP measure are provided below. The non-GAAP financial measures are presented on a consistent basis for all periods presented in this MD&A. These measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Non-GAAP financial measures and related ratios

In this MD&A we use non-GAAP financial measures including adjusted net earnings, adjusted earnings before income taxes, adjusted income tax expense, adjusted gross profit, adjusted SG&A expenses, adjusted operating income, adjusted EBITDA, as well as non-GAAP ratios including adjusted diluted EPS, adjusted effective income tax rate, adjusted gross margin, adjusted SG&A expenses as a percentage of net sales, and adjusted operating margin. These financial metrics are used to measure our performance and financial condition from one period to the next, which excludes the variation caused by certain adjustments that could potentially distort the analysis of trends in our operating performance, and because we believe such measures provide meaningful information on the Company's financial performance and financial condition. Excluding these items does not imply they are non-recurring. We also use non-GAAP financial measures including free cash flow, total debt, net debt, net debt leverage ratio and working capital.

Certain adjustments to non-GAAP measures

As noted above certain of our non-GAAP financial measures and ratios exclude the variation caused by certain adjustments that affect the comparability of the Company's financial results and could potentially distort the analysis of trends in its business performance. Adjustments which impact more than one non-GAAP financial measure and ratio are explained below:

Restructuring and acquisition-related (recovery) costs

Restructuring and acquisition-related costs are comprised of costs directly related to significant exit activities, including the closure of business locations and sale of business locations or the relocation of business activities, significant changes in management structure, as well as transaction, exit, and integration costs incurred pursuant to business acquisitions. Restructuring and acquisition-related costs is included as an adjustment in arriving at adjusted operating income, adjusted operating margin, adjusted net earnings, adjusted earnings before income taxes, adjusted diluted EPS, and adjusted EBITDA. For the three and six months ended June 30, 2024, restructuring and acquisition-related recoveries of $2.9 million and $2.1 million (2023 - $30.0 million costs and $32.8 million costs), respectively, were recognized. Subsection 5.5.5 entitled "Restructuring and acquisition-related (recovery) costs" in this MD&A contains a detailed discussion of these costs.

Net insurance gains

During fiscal year 2023, the Company recognized net insurance gains of $74.0 million and $77.3 million for the three and six months ended July 2, 2023, respectively, which related to the two hurricanes which impacted the Company's operations in Central America in November 2020. Net insurance gains related to the recognition of insurance recoveries for business interruption losses and insurance recoveries for damaged equipment as follows:

- Insurance gains relating to recoveries for business interruption losses for the three and six months ended July 2, 2023 were $74.2 million and were recorded in insurance gains, and included as an adjustment in arriving at adjusted operating income, adjusted operating margin, adjusted earnings before income taxes, adjusted net earnings, adjusted diluted EPS, and adjusted EBITDA.
- Net insurance gains and losses relating to recoveries for damaged equipment for the three and six months ended July 2, 2023, were $0.2 million (loss) and $3.1 million (gain), respectively, were recorded in cost of sales and included as an adjustment in arriving at adjusted gross profit and adjusted gross margin, adjusted operating income, adjusted operating margin, adjusted earnings before income taxes, adjusted net earnings, adjusted diluted EPS, and adjusted EBITDA.

Gain on sale and leaseback

During the first quarter of 2023, the Company recognized a gain of $25.0 million ($15.5 million after reflecting $9.5 million of income tax expense) on the sale and leaseback of one of our distribution centres located in the U.S. The impact of this gain was included as an adjustment in arriving at adjusted operating income, adjusted operating margin, adjusted earnings before income taxes, adjusted income tax expense, adjusted net earnings, adjusted diluted EPS, and adjusted EBITDA.

Costs relating to proxy contest and leadership changes and related matters

On December 11, 2023, the Company's then Board of Directors (the "Previous Board") terminated the Company's President and Chief Executive Officer, Glenn Chamandy. On such date, the Previous Board appointed Vince Tyra as President and Chief Executive Officer, and Mr. Tyra took office in the first quarter of fiscal 2024, effective on January 15, 2024. Following the termination of Mr. Chamandy, dissenting shareholder Browning West and others initiated an activist campaign and proxy contest against the Previous Board, proposing a new slate of Directors and requesting the reinstatement of Mr. Chamandy as President and Chief Executive Officer. In the second quarter of 2024, on April 28, 2024, in advance of the May 28, 2024 Annual General Meeting of Shareholders ("Annual Meeting"), the Previous Board announced a refreshed Board of Directors ("Refreshed Board") that resulted in the immediate replacement of five Directors, with two additional Directors staying on temporarily but not standing for re-election at the Annual Meeting. On May 23, 2024, five days prior to the Annual Meeting, the Refreshed Board and Mr. Tyra resigned, along with Arun Bajaj, the Company's Executive Vice-President, Chief Human Resources Officer (CHRO) and Legal Affairs. The Refreshed Board appointed Browning West nominees to the Board of Directors (the "New Board"), effective as of that date. On May 24, 2024, the New Board reinstated Mr. Chamandy as President and Chief Executive Officer. On May 28, 2024, the New Board was elected by shareholders at the Annual Meeting. During this six month timeline, the Company incurred significant expenses primarily at the direction of the Previous Board and the Refreshed Board, including: (i) legal, communication, proxy advisory, financial and other advisory fees relating to the proxy contest and the termination of Mr. Chamandy; (ii) legal, financial and other advisory fees with respect to a review process initiated by the Previous Board following receipt of a confidential non-binding expression of interest to acquire the Company; (iii) special senior management retention awards; (iv) severance and termination benefits relating to outgoing executives; and (v) incremental director meeting fees and insurance premiums. In addition, subsequent to the Annual Meeting, the Corporate Governance and Social Responsibility Committee (the "CGSRC") recommended to the New Board, and the New Board approved, back-pay compensation for Mr. Chamandy (who did not receive any severance payment following his termination on December 11, 2023) relating to his reinstatement, including the reinstatement of share-based awards that were canceled by the Previous Board. In light of the strong shareholder support received for its successful campaign and the fact that the Refreshed Board resigned in advance of the Annual Meeting, the CGSRC also recommended to the New Board, and the New Board approved, the reimbursement of Browning West's legal and other advisory expenses relating to the proxy contest, in the amount of $9.4 million.

The total costs relating to these non-recurring events ("Costs relating to proxy contest and leadership changes and related matters") amounted to $76.8 million for the first six months of 2024, as itemized in the table below and corresponding footnotes. Such costs are included in selling, general and administrative expenses. The impact of the below charges are included as adjustments in arriving at adjusted SG&A expenses, adjusted SG&A expenses as a percentage of net sales, adjusted operating income, adjusted operating margin, adjusted earnings before income taxes, adjusted net earnings, adjusted diluted EPS, and adjusted EBITDA.

	Three months ended		**Six months ended**	
(in $ millions)	**Jun 30, 2024**	Jul 2, 2023	**Jun 30, 2024**	Jul 2, 2023
Advisory fees on shareholder matters[(1)]	**18.0**	—	**33.3**	—
Severance and other termination benefits[(2)]	**21.6**	—	**21.6**	—
Compensation expenses relating to Glenn Chamandy's termination and subsequent reinstatement as President and Chief Executive Officer[(3)]	**7.8**	—	**8.9**	—
Incremental costs relating to the previous Board and refreshed Board[(4)]	**7.4**	—	**7.4**	—
Costs relating to assessing external interests in acquiring the Company[(5)]	**0.5**	—	**3.0**	—
Special retention awards[(6)]	**1.9**	—	**2.6**	—
Costs relating to proxy contest and leadership changes and related matters	**57.2**	—	**76.8**	—

(1) Relates to advisory, legal and other expenses for the proxy contest and shareholder matters. Charges incurred during the three and six months ended June 30, 2024 of $18.0 million and $33.3 million, respectively, include:

- $8.6 million and $24.0 million for the three and six months ended June 30, 2024 respectively, of advisory, legal and other fees and expenses related to the proxy contest and shareholder matters that were incurred at the direction of the Previous Board and the Refreshed Board;
- $9.4 million of accrued expenses in the second quarter of 2024 for the reimbursement of advisory, legal and other fees and expenses incurred by Browning West in relation to the proxy contest (refer to note 8(c)) of the condensed interim consolidated financial statements for additional information).

(2) Relates to the payout of severance and other termination benefits to Mr. Tyra and Mr. Bajaj pursuant to existing severance arrangements approved and made by the Refreshed Board in the context of the proxy contest, just prior to its conclusion in May 2024. The cash payouts in the second quarter of 2024 for severance and termination benefits totaled $24.4 million, of which $15.3 million was for Mr. Tyra and $9.1 million was for Mr. Bajaj. The respective charges included in selling, general and administrative expenses during the second quarter of 2024 totaled $21.6 million (of which $14.1 million was for Mr. Tyra and $7.5 million was for Mr. Bajaj), and include $12.3 million for accelerated vesting of share-based awards as well $9.3 million in other termination benefits for these executives.

(3) Salary and other accrued benefits relate to back-pay as part of the reinstatement of Mr. Chamandy by the New Board, including the reinstatement of share-based awards which had been canceled by the Previous Board. Net charges incurred during the second quarter of 2024 of $7.8 million ($8.9 million year-to-date), include:

- $1.7 million for backpay and accruals for short-term incentive plan benefits;
- $14.6 million of stock-based compensation expense for past service costs related to the reinstatement of Mr. Chamandy's 2022 and 2023 long-term incentive program (LTIP) grants (for which a reversal of compensation expense of approximately $6 million was recorded in the fourth quarter of fiscal 2023);
- $1.3 million ($2.4 million year-to-date) of stock-based compensation expense adjustments relating to Mr. Chamandy's 2021 LTIP share-based grant which vested in 2024; and
- The reversal of a $9.8 million accrual for severance in the second quarter of 2024 (which had been accrued for in the fourth quarter of 2023), as Mr. Chamandy forfeited any termination benefit entitlement in connection with the award of back-pay and reinstatement of canceled share-based awards as noted above.

(4) During fiscal 2024 the Company incurred $7.4 million of incremental costs relating to the Previous Board and Refreshed Board. These charges include $4.8 million for a Directors and Officers run off insurance policy, $0.4 million for special board meeting fee payments, and $2.2 million for the increase in value of the deferred share units (DSU) liability.

(5) Relates to advisory, legal and other expenses with respect to the announced review process initiated by the Previous Board following receipt of a confidential non-binding expression of interest to acquire the Company. The Company incurred $0.5 million and $3.0 million for the three and six months ended June 30, 2024, respectively, of expenses related to this matter.

(6) Stock-based compensation relating to special retention awards of $1.9 million in the second quarter of fiscal 2024 ($2.6 million year-to-date). At the grant date, these special retention awards had a total fair value of $8.6 million. The stock-based compensation expense relating to these awards is being recognized over the respective vesting periods, with most of the awards originally vesting at the end of 2024. In connection with the departure of Mr. Bajaj, $2.5 million of these awards were fully paid out in cash to him during the second quarter of 2024, as part of the $9.1 million payout in note 2 above.

Adjusted net earnings and adjusted diluted EPS

Adjusted net earnings are calculated as net earnings before restructuring and acquisition-related costs, impairment (impairment reversal) of intangible assets, net of write-downs, net insurance gains, gain on sale and leaseback, costs relating to proxy contest and leadership changes and related matters, and income tax expense or recovery relating to these items. Adjusted net earnings also excludes income taxes related to the re-assessment of the probability of realization of previously recognized or de-recognized deferred income tax assets, and income taxes relating to the revaluation of deferred income tax assets and liabilities as a result of statutory income tax rate changes in the countries in which we operate. Adjusted diluted EPS is calculated as adjusted net earnings divided by the diluted weighted average number of common shares outstanding. The Company uses adjusted net earnings and adjusted diluted EPS to measure its net earnings performance from one period to the next, and in making decisions regarding the ongoing operations of its business, without the variation caused by the impacts of the items described above. The Company excludes these items because they affect the comparability of its net earnings and diluted EPS and could potentially distort the analysis of net earnings trends in its business performance. The Company believes adjusted net earnings and adjusted diluted EPS are useful to investors because they help identify underlying trends in our business that could otherwise be masked by certain expenses, write-offs, charges, income or recoveries that can vary from period to period. Excluding these items does not imply they are non-recurring. These measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

	Three months ended		Six months ended	
(in $ millions, except per share amounts)	**Jun 30, 2024**	Jul 2, 2023	**Jun 30, 2024**	Jul 2, 2023
Net earnings	**58.4**	155.3	**137.1**	252.9
Adjustments for:				
Restructuring and acquisition-related (recovery) costs	**(2.9)**	30.0	**(2.1)**	32.8
Net insurance gains	**—**	(74.0)	**—**	(77.3)
Gain on sale and leaseback	**—**	—	**—**	(25.0)
Costs relating to proxy contest and leadership changes and related matters	**57.2**	—	**76.8**	—
Income tax expense relating to restructuring charges and other items	**0.5**	1.0	**0.5**	10.5
Income tax recovery related to the revaluation of deferred income tax assets and liabilities	**11.5**	—	**11.5**	—
Adjusted net earnings	**124.7**	112.3	**223.8**	193.9
Basic EPS	**0.35**	0.87	**0.81**	1.42
Diluted EPS	**0.35**	0.87	**0.81**	1.41
Adjusted diluted EPS[1]	**0.74**	0.63	**1.33**	1.08

(1) This is a non-GAAP ratio. It is calculated as adjusted net earnings divided by the diluted weighted average number of common shares outstanding.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

Adjusted earnings before income taxes, adjusted income tax expense, and adjusted effective income tax rate

Adjusted effective income tax rate is defined as adjusted income tax expense divided by adjusted earnings before income taxes. Adjusted earnings before income taxes excludes restructuring and acquisition-related (recovery) costs, impairment (impairment reversal) of intangible assets, net of write-downs, net insurance gains, gain on sale and leaseback, and costs relating to proxy contest and leadership changes and related matters. Adjusted income tax expense is defined as income tax expense excluding tax rate changes resulting in the revaluation of deferred income tax assets and liabilities, income taxes relating to the re-assessment of the probability of realization of previously recognized or de-recognized deferred income tax assets, and income tax expense relating to restructuring charges and other adjustments. The Company excludes these adjustments because they affect the comparability of its effective income tax rate. The Company believes the adjusted effective income tax rate provides a clearer understanding of our normalized effective tax rate and operating performance for the current period and for purposes of developing its annual financial budgets. The Company believes that adjusted effective income tax rate is useful to investors in assessing the Company's future effective income tax rate as it identifies certain pre-tax expenses and gains and income tax charges and recoveries which are not expected to recur on a regular basis (in particular, non-recurring costs such as proxy contest and leadership changes and related matters incurred in the Company's Canadian legal entity which do not result in tax recoveries, and tax rate changes resulting in the revaluation of deferred income tax assets and liabilities).

	Three months ended		**Six months ended**	
(in $ millions)	**Jun 30, 2024**	Jul 2, 2023	**Jun 30, 2024**	Jul 2, 2023
Earnings before income taxes	**116.9**	162.0	**199.3**	273.0
Adjustments for:				
Restructuring and acquisition-related (recovery) costs	**(2.9)**	30.0	**(2.1)**	32.8
Net insurance gains	**—**	(74.0)	**—**	(77.3)
Gain on sale and leaseback	**—**	—	**—**	(25.0)
Costs relating to proxy contest and leadership changes and related matters	**57.2**	—	**76.8**	—
Adjusted earnings before income taxes	**171.2**	118.0	**274.0**	203.5
Income tax expense	**58.5**	6.7	**62.2**	20.1
Adjustments for:				
Income tax expense relating to restructuring charges and other adjustments above	**(0.5)**	(1.0)	**(0.5)**	(10.5)
Tax rate changes resulting in the revaluation of deferred income tax assets and liabilities	**(11.5)**	—	**(11.5)**	—
Adjusted income tax expense	**46.5**	5.7	**50.2**	9.6
Average effective income tax rate(1)	**50.1 %**	4.1 %	**31.2 %**	7.4 %
Adjusted effective income tax rate(2)	**27.2 %**	4.8 %	**18.3 %**	4.7 %

(1) Average effective income tax rate is calculated as income tax expense divided by earnings before income taxes.

(2) This is a non-GAAP ratio. It is calculated as adjusted income tax expense divided by adjusted earnings before income taxes.

Adjusted gross profit and adjusted gross margin

Adjusted gross profit is calculated as gross profit excluding the impact of net insurance gains in fiscal 2023. The Company uses adjusted gross profit and adjusted gross margin to measure its performance at the gross margin level from one period to the next, without the variation caused by the impacts of the item described above. The Company excludes this item because it affects the comparability of its financial results and could potentially distort the analysis of trends in its business performance. Excluding this item does not imply that it is non-recurring. The Company believes adjusted gross profit and adjusted gross margin are useful to management and investors because they help identify underlying trends in our business in how efficiently the Company uses labor and materials for manufacturing goods to our customers that could otherwise be masked by the impact of net insurance gains in prior years. These measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

	Three months ended		Six months ended	
(in $ millions, or otherwise indicated)	**Jun 30, 2024**	Jul 2, 2023	**Jun 30, 2024**	Jul 2, 2023
Gross profit	**262.0**	216.6	**473.1**	404.3
Adjustment for:				
Net insurance losses (gains)	**—**	0.2	**—**	(3.1)
Adjusted gross profit	**262.0**	216.8	**473.1**	401.2
Gross margin	**30.4 %**	25.8 %	**30.4 %**	26.2 %
Adjusted gross margin(1)	**30.4 %**	25.8 %	**30.4 %**	26.0 %

(1) This is a non-GAAP ratio. It is calculated as adjusted gross profit divided by net sales.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

Adjusted SG&A expenses and adjusted SG&A expenses as a percentage of net sales

Adjusted SG&A expenses is calculated as selling, general and administrative expenses excluding the impact of costs relating to proxy contest and leadership changes and related matters. The Company uses adjusted SG&A expenses and adjusted SG&A expenses as a percentage of net sales to measure its performance from one period to the next, without the variation caused by the impact of the items described above. Excluding these items does not imply they are non-recurring. The Company believes adjusted SG&A expenses and adjusted SG&A expenses as a percentage of net sales are useful to investors because they help identify underlying trends in our business that could otherwise be masked by certain expenses and write-offs that can vary from period to period. These measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

	Three months ended		Six months ended	
(in $ millions, or otherwise indicated)	**Jun 30, 2024**	Jul 2, 2023	**Jun 30, 2024**	Jul 2, 2023
SG&A expenses	**123.6**	78.1	**228.9**	159.9
Adjustment for:				
Costs relating to proxy contest and leadership changes and related matters	**57.2**	—	**76.8**	—
Adjusted SG&A expenses	**66.4**	78.1	**152.1**	159.9
SG&A expenses as a percentage of net sales	**14.3 %**	9.3 %	**14.7 %**	10.4 %
Adjusted SG&A expenses as a percentage of net sales(1)	**7.7 %**	9.3 %	**9.8 %**	10.4 %

(1) This is a non-GAAP ratio. It is calculated as adjusted SG&A expenses divided by net sales.

Adjusted operating income and adjusted operating margin

Adjusted operating income is calculated as operating income before restructuring and acquisition-related costs, and also excludes impairment (impairment reversal) of intangible assets, net insurance gains, gain on sale and leaseback, and costs relating to proxy contest and leadership changes and related matters. Management uses adjusted operating income and adjusted operating margin to measure its performance at the operating income level as we believe it provides a better indication of our operating performance and facilitates the comparison across reporting periods, without the variation caused by the impacts of the items described above. The Company excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its operating income and operating margin performance. The Company believes adjusted operating income and adjusted operating margin are useful to investors because they help identify underlying trends in our business in how efficiently the Company generates profit from its primary operations that could otherwise be masked by the impact of the items noted above that can vary from period to period. Excluding these items does not imply they are non-recurring. These measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

	Three months ended		**Six months ended**	
(in $ millions, or otherwise indicated)	**Jun 30, 2024**	Jul 2, 2023	**Jun 30, 2024**	Jul 2, 2023
Operating income	**141.2**	182.7	**246.3**	310.7
Adjustments for:				
Restructuring and acquisition-related (recovery) costs	**(2.9)**	30.0	**(2.1)**	32.8
Net insurance gains	**—**	(74.0)	**—**	(77.3)
Gain on sale and leaseback	**—**	—	**—**	(25.0)
Costs relating to proxy contest and leadership changes and related matters	**57.2**	—	**76.8**	—
Adjusted operating income	**195.5**	138.7	**321.0**	241.2
Operating margin	**16.4 %**	21.7 %	**15.8 %**	20.1 %
Adjusted operating margin(1)	**22.7 %**	16.5 %	**20.6 %**	15.6 %

(1) This is a non-GAAP ratio. It is calculated as adjusted operating income divided by net sales.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

Adjusted EBITDA

Adjusted EBITDA is calculated as earnings before financial expenses net, income taxes, and depreciation and amortization, and excludes the impact of restructuring and acquisition-related costs. Adjusted EBITDA also excludes impairment (impairment reversal) of intangible assets, net insurance gains, the gain on sale and leaseback, and costs relating to proxy contest and leadership changes and related matters. Management uses adjusted EBITDA, among other measures, to facilitate a comparison of the profitability of its business on a consistent basis from period-to-period and to provide a more complete understanding of factors and trends affecting our business. The Company also believes this measure is commonly used by investors and analysts to assess profitability and the cost structure of companies within the industry, as well as measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement. The Company excludes depreciation and amortization expenses, which are non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors. Excluding these items does not imply they are non-recurring. This measure does not have any standardized meanings prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies.

	Three months ended		Six months ended	
(in $ millions)	**Jun 30, 2024**	Jul 2, 2023	**Jun 30, 2024**	Jul 2, 2023
Net earnings	**58.4**	155.3	**137.1**	252.9
Restructuring and acquisition-related (recovery) costs	**(2.9)**	30.0	**(2.1)**	32.8
Net insurance gains	**—**	(74.0)	**—**	(77.3)
Gain on sale and leaseback	**—**	—	**—**	(25.0)
Costs relating to proxy contest and leadership changes and related matters	**57.2**	—	**76.8**	—
Depreciation and amortization	**36.8**	31.6	**68.4**	59.5
Financial expenses, net	**24.3**	20.7	**47.0**	37.7
Income tax expense	**58.5**	6.7	**62.2**	20.1
Adjusted EBITDA	**232.3**	170.3	**389.4**	300.7

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

Free cash flow

Free cash flow is defined as cash flow from operating activities, less cash flow used in investing activities excluding cash flows relating to business acquisitions. The Company considers free cash flow to be an important indicator of the financial strength and liquidity of its business, and it is a key metric used by management in managing capital as it indicates how much cash is available after capital expenditures to repay debt, to pursue business acquisitions, and/or to redistribute to its shareholders. Management believes that free cash flow also provides investors with an important perspective on the cash available to us to service debt, fund acquisitions, and pay dividends. In addition, free cash flow is commonly used by investors and analysts when valuing a business and its underlying assets. This measure does not have any standardized meanings prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies.

	Three months ended		Six months ended	
(in $ millions)	**Jun 30, 2024**	Jul 2, 2023	**Jun 30, 2024**	Jul 2, 2023
Cash flows from (used in) operating activities	**140.1**	181.8	**112.7**	2.4
Cash flows from (used in) investing activities	**(36.2)**	(55.8)	**(80.1)**	(78.6)
Adjustment for:				
Business acquisitions	**—**	—	**—**	—
Free cash flow	**103.9**	126.0	**32.6**	(76.2)

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

Total debt and net debt

Total debt is defined as the total bank indebtedness, long-term debt (including any current portion), and lease obligations (including any current portion), and net debt is calculated as total debt net of cash and cash equivalents. The Company considers total debt and net debt to be important indicators for management and investors to assess the financial position and liquidity of the Company, and measure its financial leverage. These measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

(in $ millions)	**Jun 30, 2024**	Dec 31, 2023
Long-term debt (including current portion)	**1,219.0**	985.0
Bank indebtedness	**—**	—
Lease obligations (including current portion)	**109.6**	98.1
Total debt	**1,328.6**	1,083.1
Cash and cash equivalents	**(90.3)**	(89.6)
Net debt	**1,238.3**	993.4

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

Net debt leverage ratio

The net debt leverage ratio is defined as the ratio of net debt to pro-forma adjusted EBITDA for the trailing twelve months, all of which are non-GAAP measures. The pro-forma adjusted EBITDA for the trailing twelve months reflects business acquisitions made during the period, as if they had occurred at the beginning of the trailing twelve month period. The Company has currently set a net debt leverage target ratio of 1.5 to 2.5 times pro-forma adjusted EBITDA for the trailing twelve months (previously 1.5 to 2.0 times). The net debt leverage ratio serves to evaluate the Company's financial leverage and is used by management in its decisions on the Company's capital structure, including financing strategy. The Company believes that certain investors and analysts use the net debt leverage ratio to measure the financial leverage of the Company, including our ability to pay off our incurred debt. The Company's net debt leverage ratio differs from the net debt to EBITDA ratio that is a covenant in our loan and note agreements, and therefore the Company believes it is a useful additional measure. This measure does not have any standardized meanings prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies.

(in $ millions, or otherwise indicated)	**Jun 30, 2024**	Dec 31, 2023
Adjusted EBITDA for the trailing twelve months	**763.1**	674.5
Adjustment for:		
Business acquisitions	**—**	—
Pro-forma adjusted EBITDA for the trailing twelve months	**763.1**	674.5
Net debt	**1,238.3**	993.4
Net debt leverage ratio(1)	**1.6**	1.5

(1) The Company's total net debt to EBITDA ratio for purposes of its loan and note agreements was 1.8 at June 30, 2024. Refer to section 8.2 of this MD&A.

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

Working capital

Working capital is a non-GAAP financial measure and is defined as current assets less current liabilities. Management believes that working capital, in addition to other conventional financial measures prepared in accordance with IFRS, provides information that is helpful to understand the financial condition of the Company. The objective of using working capital is to present readers with a view of the Company from management's perspective by interpreting the material trends and activities that affect the short-term liquidity and financial position of the Company, including its ability to discharge its short-term liabilities as they come due. This measure is not comparable to similarly titled measures used by other public companies.

(in $ millions)	**Jun 30, 2024**	Dec 31, 2023
Cash and cash equivalents	**90.3**	89.6
Trade accounts receivable	**599.0**	412.5
Inventories	**1,110.4**	1,089.4
Prepaid expenses, deposits and other current assets	**78.3**	96.0
Assets held for sale	**7.2**	—
Accounts payable and accrued liabilities	**(463.8)**	(408.3)
Income taxes payable	**(21.0)**	(1.6)
Current portion of lease obligations	**(16.3)**	(14.2)
Current portion of long-term debt	**(300.0)**	(300.0)
Working capital	**1,084.1**	963.4

Certain minor rounding variances exist between the unaudited condensed interim consolidated financial statements and this summary.

GILDAN ACTIVEWEAR INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of U.S. dollars) - unaudited

		June 30, 2024		December 31, 2023
Current assets:				
Cash and cash equivalents	**$**	**90,277**	$	89,642
Trade accounts receivable (note 4)		**599,040**		412,498
Inventories (note 5)		**1,110,430**		1,089,441
Prepaid expenses, deposits and other current assets		**78,342**		95,955
Assets held for sale		**7,231**		—
Total current assets		**1,885,320**		1,687,536
Non-current assets:				
Property, plant and equipment		**1,190,792**		1,174,515
Right-of-use assets		**84,815**		81,447
Intangible assets		**256,830**		261,419
Goodwill		**271,677**		271,677
Deferred income taxes		**21,704**		23,971
Other non-current assets		**28,136**		14,308
Total non-current assets		**1,853,954**		1,827,337
Total assets	**$**	**3,739,274**	$	3,514,873
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**463,755**	$	408,294
Income taxes payable		**20,992**		1,635
Current portion of lease obligations (note 8(d))		**16,261**		14,161
Current portion of long-term debt (note 6)		**300,000**		300,000
Total current liabilities		**801,008**		724,090
Non-current liabilities:				
Long-term debt (note 6)		**919,000**		685,000
Lease obligations (note 8(d))		**93,319**		83,900
Deferred income taxes		**28,876**		18,118
Other non-current liabilities		**44,727**		46,308
Total non-current liabilities		**1,085,922**		833,326
Total liabilities		**1,886,930**		1,557,416
Equity:				
Share capital		**275,233**		271,213
Contributed surplus		**67,233**		61,363
Retained earnings		**1,504,557**		1,611,231
Accumulated other comprehensive income (note 10)		**5,321**		13,650
Total equity attributable to shareholders of the Company		**1,852,344**		1,957,457
Total liabilities and equity	**$**	**3,739,274**	$	3,514,873

See accompanying notes to unaudited condensed interim consolidated financial statements.

GILDAN ACTIVEWEAR INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
(in thousands of U.S. dollars, except per share data) - unaudited

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Net sales (note 14)	**$ 862,168**	$ 840,438	**$ 1,557,964**	$ 1,543,301
Cost of sales	**600,216**	623,842	**1,084,879**	1,139,042
Gross profit	**261,952**	216,596	**473,085**	404,259
Selling, general and administrative expenses (note 8(f))	**123,630**	78,064	**228,868**	159,909
Gain on sale and leaseback (note 8(e))	**—**	—	**—**	(25,010)
Net insurance gains (note 8(g))	**—**	(74,172)	**—**	(74,172)
Restructuring and acquisition-related (recovery) costs (note 7)	**(2,893)**	30,009	**(2,095)**	32,844
Operating income	**141,215**	182,695	**246,312**	310,688
Financial expenses, net (note 8(b))	**24,272**	20,731	**46,998**	37,683
Earnings before income taxes	**116,943**	161,964	**199,314**	273,005
Income tax expense (note 15)	**58,537**	6,676	**62,241**	20,100
Net earnings	**58,406**	155,288	**137,073**	252,905
Other comprehensive (loss) income, net of related income taxes (note 10):				
Cash flow hedges	**(12,882)**	1,537	**(8,329)**	6,847
Comprehensive income	**$ 45,524**	$ 156,825	**$ 128,744**	$ 259,752
Earnings per share (note 11):				
Basic	**$ 0.35**	$ 0.87	**$ 0.81**	$ 1.42
Diluted	**$ 0.35**	$ 0.87	**$ 0.81**	$ 1.41

See accompanying notes to unaudited condensed interim consolidated financial statements.

GILDAN ACTIVEWEAR INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Six months ended June 30, 2024 and July 2, 2023
(in thousands or thousands of U.S. dollars) - unaudited

	Share capital					
	Number	Amount	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
Balance, December 31, 2023	169,986	$ 271,213	$ 61,363	$ 13,650	$ 1,611,231	$ 1,957,457
Share-based compensation	—	—	40,788	—	—	40,788
Shares issued under employee share purchase plan	24	827	—	—	—	827
Shares issued pursuant to exercise of stock options	29	976	(143)	—	—	833
Shares issued or distributed pursuant to vesting of restricted share units and SARs	394	10,287	(18,456)	—	—	(8,169)
Shares repurchased for cancellation	(4,531)	(7,414)	—	—	(160,909)	(168,323)
Share repurchases for settlement of non-Treasury RSUs	(410)	(656)	—	—	(13,207)	(13,863)
Change from equity-settled to cash-settled arising from change in settlement	—	—	(15,396)	—	—	(15,396)
Payout of employee portion of deferred compensation	—	—	(1,333)	—	—	(1,333)
Dividends declared	—	—	410	—	(69,631)	(69,221)
Transactions with shareholders of the Company recognized directly in equity	(4,494)	4,020	5,870	—	(243,747)	(233,857)
Cash flow hedges (note 10)	—	—	—	(8,329)	—	(8,329)
Net earnings	—	—	—	—	137,073	137,073
Comprehensive income	—	—	—	(8,329)	137,073	128,744
Balance, June 30, 2024	**165,492**	**$ 275,233**	**$ 67,233**	**$ 5,321**	**$ 1,504,557**	**$ 1,852,344**
Balance, January 1, 2023	179,709	$ 202,329	$ 79,489	$ 9,845	$ 1,590,499	$ 1,882,162
Share-based compensation	—	—	16,018	—	—	16,018
Shares issued under employee share purchase plan	27	806	—	—	—	806
Shares issued pursuant to exercise of stock options	218	6,250	(846)	—	—	5,404
Shares issued or distributed pursuant to vesting of restricted share units and SARs	648	14,429	(29,807)	—	—	(15,378)
Shares repurchased for cancellation	(3,553)	(4,296)	—	—	(105,993)	(110,289)
Share repurchases for settlement of non-Treasury RSUs	(648)	(550)	—	—	(19,005)	(19,555)
Deferred compensation to be settled in non-Treasury RSUs	—	—	2,075	—	—	2,075
Dividends declared	—	—	868	—	(68,107)	(67,239)
Transactions with shareholders of the Company recognized directly in equity	(3,308)	16,639	(11,692)	—	(193,105)	(188,158)
Cash flow hedges (note 10)	—	—	—	6,847	—	6,847
Net earnings	—	—	—	—	252,905	252,905
Comprehensive income	—	—	—	6,847	252,905	259,752
Balance, July 2, 2023	176,401	$ 218,968	$ 67,797	$ 16,692	$ 1,650,299	$ 1,953,756

See accompanying notes to unaudited condensed interim consolidated financial statements.

GILDAN ACTIVEWEAR INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars) - unaudited

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Cash flows from (used in) operating activities:				
Net earnings	**$ 58,406**	$ 155,288	**$ 137,073**	$ 252,905
Adjustments for:				
Depreciation and amortization (note 8(a))	**36,794**	31,603	**68,382**	59,539
Non-cash restructuring (gains) costs related to property, plant and equipment (PP&E), right-of-use assets, and computer software (note 7)	**(4,940)**	7,493	**(5,394)**	7,110
Cash settled share-based awards in connection with outgoing executives termination benefits	**(15,396)**	—	**(15,396)**	—
(Gain) Loss on disposal of PP&E	**8**	(88)	**(2)**	(25,121)
Share-based compensation	**36,959**	8,062	**43,248**	16,092
Deferred income taxes	**13,837**	2,545	**13,015**	9,939
Other (note 12(a))	**(11,650)**	11,334	**(12,415)**	6,945
Changes in non-cash working capital balances (note 12(c))	**26,032**	(34,412)	**(115,857)**	(325,001)
Cash flows from (used in) operating activities	**140,050**	181,825	**112,654**	2,408
Cash flows from (used in) investing activities:				
Purchase of property, plant and equipment	**(35,531)**	(54,105)	**(77,702)**	(127,062)
Purchase of intangible assets	**(745)**	(1,915)	**(2,545)**	(2,814)
Proceeds from sale and leaseback and other disposals of property, plant and equipment	**95**	252	**167**	51,273
Cash flows from (used in) investing activities	**(36,181)**	(55,768)	**(80,080)**	(78,603)
Cash flows from (used in) financing activities:				
Increase in amounts drawn under long-term bank credit facility	**79,000**	15,000	**234,000**	215,000
Payment of lease obligations	**(3,002)**	(4,122)	**(6,792)**	(17,117)
Dividends paid	**(69,221)**	(67,239)	**(69,221)**	(67,239)
Proceeds from the issuance of shares	**1,239**	1,013	**1,584**	6,136
Repurchase and cancellation of shares	**(112,510)**	(75,704)	**(169,210)**	(107,722)
Share repurchases for settlement of non-Treasury RSUs	**—**	—	**(13,863)**	(19,555)
Withholding taxes paid pursuant to the settlement of non-Treasury RSUs	**(125)**	(138)	**(8,169)**	(15,378)
Cash flows from (used in) financing activities	**(104,619)**	(131,190)	**(31,671)**	(5,875)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	**(169)**	(96)	**(268)**	261
(Decrease) Increase in cash and cash equivalents during the period	**(919)**	(5,229)	**635**	(81,809)
Cash and cash equivalents, beginning of period	**91,196**	73,837	**89,642**	150,417
Cash and cash equivalents, end of period	**$ 90,277**	$ 68,608	**$ 90,277**	$ 68,608
Cash paid during the period (included in cash flows from (used in) operating activities):				
Interest	**$ 17,867**	$ 15,138	**$ 34,432**	$ 29,397
Income taxes, net of refunds	**7,373**	11,785	**13,133**	17,880

Supplemental disclosure of cash flow information (note 12).

See accompanying notes to unaudited condensed interim consolidated financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2024
(Tabular amounts in thousands or thousands of U.S. dollars except per share data, unless otherwise indicated)

1. REPORTING ENTITY:

Gildan Activewear Inc. (the "Company" or "Gildan") is domiciled in Canada and is incorporated under the *Canada Business Corporations Act.* Its principal business activity is the manufacture and sale of activewear, hosiery, and underwear. The Company's fiscal year ends on the Sunday closest to December 31 of each year.

The address of the Company's registered office is 600 de Maisonneuve Boulevard West, Suite 3300, Montreal, Quebec. These unaudited condensed interim consolidated financial statements are as at and for the three and six months ended June 30, 2024 and include the accounts of the Company and its subsidiaries. The Company is a publicly listed entity and its shares are traded on the Toronto Stock Exchange and New York Stock Exchange under the symbol GIL.

2. BASIS OF PREPARATION:

(a) Statement of compliance:

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's fiscal 2023 audited consolidated financial statements. The Company applied the same accounting policies in the preparation of these unaudited condensed interim consolidated financial statements as those disclosed in note 3 of its most recent annual consolidated financial statements, except for the adoption of new standards effective as of January 1, 2024 as described below in note 2(d).

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on July 31, 2024.

(b) Seasonality of the business:

The Company's net sales are subject to seasonal variations. Net sales have historically been higher during the second and third quarters.

(c) Operating segments:

The Company manages its business on the basis of one reportable operating segment.

(d) Initial application of new accounting standards and interpretations in the reporting period:

On January 1, 2024. the Company adopted the following new or amended accounting standards:

Amendments to IAS 1, Presentation of Financial Statements

On January 23, 2020, the IASB issued narrow-scope amendments to IAS 1, Presentation of Financial Statements, to clarify how to classify debt and other liabilities as current or non-current. The amendments (which affect only the presentation of liabilities in the statement of financial position) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period to defer settlement by at least twelve months and make explicit that only rights in place at the end of the reporting period should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services. On October 31, 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1). These further amendments clarify how to address the effects on classification and disclosure of covenants which an entity is required to comply with on or before the reporting date and covenants which an entity must comply with only after the reporting date. The 2020 amendments and the 2022 amendments (collectively "the Amendments") are effective for annual periods beginning on or after January 1, 2024 and are applied retrospectively. The amendment of IAS 1 had no impact on the Company's consolidated financial statements.

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET APPLIED:

Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, and are not expected to have an impact on the Company's consolidated financial statements. Early adoption is permitted.

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The Company is currently evaluating the impact of the adoption of IFRS 18 on its consolidated financial statements.

4. TRADE ACCOUNTS RECEIVABLE:

		June 30, 2024		December 31, 2023
Trade accounts receivable	**$**	**610,676**	$	423,663
Allowance for expected credit losses		**(11,636)**		(11,165)
	$	**599,040**	$	412,498

As at June 30, 2024, trade accounts receivables being serviced under a receivables purchase agreement amounted to $221.8 million (December 31, 2023 - $270.9 million). The receivables purchase agreement, which allows for the sale of a maximum of $400 million of accounts receivables at any one time, expires on June 17, 2025, subject to annual extensions. The Company retains servicing responsibilities, including collection, for these trade receivables sold. The difference between the carrying amount of the receivables sold under the agreement and the cash received at the time of transfer was $4.3 million (2023 - $3.8 million) and $7.7 million (2023 - $7.9 million) for the three and six months ended June 30, 2024, respectively, and was recorded in bank and other financial charges.

The movement in the allowance for expected credit losses in respect of trade receivables was as follows:

	Three months ended				**Six months ended**			
		June 30, 2024		July 2, 2023		**June 30, 2024**		July 2, 2023
Allowance for expected credit losses, beginning of period	**$**	**(11,274)**	$	(12,731)	**$**	**(11,165)**	$	(15,394)
(Impairment) Reversal of impairment of trade accounts receivable		**(472)**		1,554		**(815)**		3,823
Write-off of trade accounts receivable		**110**		7		**344**		401
Allowance for expected credit losses, end of period	**$**	**(11,636)**	$	(11,170)	**$**	**(11,636)**	$	(11,170)

5. INVENTORIES:

		June 30, 2024		December 31, 2023
Raw materials and spare parts inventories	$	188,423	$	165,527
Work in progress		79,501		57,938
Finished goods		842,506		865,976
	$	1,110,430	$	1,089,441

6. LONG-TERM DEBT:

	Effective interest rate(1)		Principal amount June 30, 2024		Principal amount December 31, 2023	Maturity date
Non-current portion of long-term debt						
Revolving long-term bank credit facility, interest at variable U.S. interest rate(2)(3)	6.7%	$	469,000	$	235,000	March 2027
Term loan, interest at variable U.S. interest rate, payable monthly(2)(4)	4.6%		300,000		300,000	June 2026
Notes payable, interest at fixed rate of 2.91%, payable semi-annually(5)	2.9%		100,000		100,000	August 2026
Notes payable, interest at Adjusted SOFR plus a spread of 1.57%, payable quarterly(5)(6)	2.9%		50,000		50,000	August 2026
		$	919,000	$	685,000	
Current portion of long-term debt						
Delayed draw term loan (DDTL), interest at variable U.S. interest rate, payable monthly(2)(4)	7.0%		300,000		300,000	May 2025
		$	300,000	$	300,000	
Long-term debt (including current portion)		$	1,219,000	$	985,000	

(1) Represents the annualized effective interest rate for the six months ended June 30, 2024, including the cash impact of interest rate swaps, where applicable.

(2) Secured Overnight Financing Rate (SOFR) advances at adjusted Term SOFR (includes a 0% to 0.25% reference rate adjustment) plus a spread ranging from 1% to 3%.

(3) The Company's committed unsecured revolving long-term bank credit facility of $1 billion provides for an annual extension which is subject to the approval of the lenders. The spread added to the adjusted Term SOFR is a function of the total net debt to EBITDA ratio (as defined in the credit facility agreement and its amendments). In addition, an amount of $43.8 million (December 31, 2023 - $36.0 million) has been committed against this facility to cover various letters of credit.

(4) The unsecured term loan is non-revolving and can be prepaid in whole or in part at any time with no penalties. The spread added to the adjusted Term SOFR is a function of the total net debt to EBITDA ratio (as defined in the term loan agreements and its amendments).

(5) The unsecured notes issued to accredited investors in the U.S. private placement market can be prepaid in whole or in part at any time, subject to the payment of a prepayment penalty as provided for in the Note Purchase Agreement.

(6) Adjusted SOFR rate is determined on the basis of floating rate notes that bear interest at a floating rate plus a spread of 1.57%.

On May 26, 2023, the Company amended its $300 million term loan to include an additional $300 million DDTL with a one-year maturity from the effective date. On May 16, 2024, the Company extended the term of the DDTL to May 26, 2025. All other terms of the agreement remained unchanged.

The Company was in compliance with all financial covenants at June 30, 2024.

7. RESTRUCTURING AND ACQUISITION-RELATED (RECOVERY) COSTS:

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Employee termination and benefit costs	**$ —**	$ 15,324	**$ —**	$ 15,831
Exit, relocation and other costs	**1,982**	7,192	**3,228**	9,903
Net (gain) loss on disposal, and write-downs of property, plant and equipment, right-of-use assets and computer software related to exit activities	**(4,875)**	7,493	**(5,323)**	7,110
Restructuring and acquisition-related (recovery) costs	**$ (2,893)**	$ 30,009	**$ (2,095)**	$ 32,844

Restructuring and acquisition-related recoveries for the six months ended June 30, 2024 related to the following: $5.3 million in gains on disposals primarily relating to the sublease of a closed distribution facility in the western United States, partially offset by costs of $3.2 million mainly related to the completion of previously initiated restructuring activities. Restructuring and acquisition-related costs for the six months ended July 2, 2023 related to the following: $28.5 million primarily for the consolidation and closure of manufacturing facilities in Central America, $2.9 million related to the December 2022 closure of a yarn-spinning plant in the U.S., and the exit cost from terminating a lease on a previously closed yarn facility, and $1.4 million mainly related to the completion of previously initiated restructuring activities.

8. OTHER INFORMATION:

(a) Depreciation and amortization:

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Depreciation of property, plant and equipment	**$ 28,906**	$ 25,021	**$ 56,072**	$ 49,626
Depreciation of right-of-use assets	**3,963**	3,415	**7,334**	6,674
Adjustment for the variation of depreciation included in inventories at the beginning and end of the period	**647**	(246)	**(2,024)**	(3,648)
Amortization of intangible assets, excluding computer software	**1,923**	2,037	**4,257**	4,138
Amortization of computer software	**1,355**	1,376	**2,743**	2,749
Depreciation and amortization included in net earnings	**$ 36,794**	$ 31,603	**$ 68,382**	$ 59,539

Included in property, plant and equipment as at June 30, 2024 is $87.4 million (December 31, 2023 - $185.3 million) of buildings and equipment not yet available for use in operations. Included in intangible assets as at June 30, 2024 is $3.3 million (December 31, 2023 - $1.2 million) of software not yet available for use in operations. Depreciation and amortization on these assets commence when the assets are available for use.

As at June 30, 2024, the Company has approximately $100 million in commitments to purchase property and equipment, mainly related to manufacturing capacity expansion projects.

8. OTHER INFORMATION (continued):

(b) Financial expenses, net:

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Interest expense on financial liabilities recorded at amortized cost(1)	**$ 18,053**	$ 14,671	**$ 34,087**	$ 26,077
Bank and other financial charges	**5,942**	4,985	**10,813**	10,261
Interest accretion on discounted lease obligations	**1,224**	885	**2,237**	1,588
Interest accretion on discounted provisions	**107**	53	**213**	105
Foreign exchange (gain) loss	**(1,054)**	137	**(352)**	(348)
Financial expenses, net	**$ 24,272**	$ 20,731	**$ 46,998**	$ 37,683

(1) Net of capitalized borrowing costs of nil (2023 - $1.0 million) and nil (2023 - $2.0 million) respectively, for the three and six months ended June 30, 2024.

(c) Related party transaction:

The Company incurred expenses for aircraft usage of $0.6 million (2023 - $0.3 million) and $0.6 million (2023 - $0.5 million) respectively, for the three and six months ended June 30, 2024, with a company controlled by the President and Chief Executive Officer of the Company. The payments made are in accordance with the terms of the agreement established and agreed to by the related parties. As at June 30, 2024, the amount in accounts payable and accrued liabilities related to the airplane usage was $0.6 million (December 31, 2023 - $0.3 million).

As at June 30, 2024, the Company has a commitment of $0.6 million under this agreement, which relates to minimum usage fees for the remainder of fiscal 2024.

Included in selling, general and administrative expenses (SG&A), for three and six months ended June 30, 2024, are the following related party transactions:

- $21.6 million of severance and other termination benefits to outgoing executives (see note 8(f)). The cash payouts in the second quarter of 2024 for the severance and termination benefits totaled $24.4 million, of which $15.3 million was for Mr. Tyra and $9.1 million was for Mr. Bajaj. As at June 30, 2024, the amount in accounts payable and accrued liabilities related to these charges was nil.
- $9.4 million in accrued expenses relating to the approved reimbursement of legal and other advisory expenses incurred by Browning West (one of the Company's shareholders which has a partner serving on the Company's Board of Directors since May 23, 2024). The approved reimbursement relates to expenses incurred by Browning West relating to the proxy contest which arose following the termination of the Company's President and Chief Executive Officer, Glenn Chamandy, and his subsequent reinstatement as President and Chief Executive Officer on May 24, 2024. As at June 30, 2024, the amount in accounts payable and accrued liabilities related to these charges was $9.4 million.
- Refer to note 8(f) for compensation expenses relating to Mr. Chamandy's reinstatement as President and CEO, as well incremental costs relating to the previous Board and refreshed Board, and note 8(j) regarding a share-based award approved for Mr. Chamandy in the second quarter.

8. OTHER INFORMATION (continued):

(d) Lease obligations:

The Company's leases are primarily for manufacturing, sales, distribution, and administrative facilities.

The following table presents lease obligations recorded in the statement of financial position:

		June 30, 2024		December 31, 2023
Current	$	16,261	$	14,161
Non-current		93,319		83,900
	$	109,580	$	98,061

The following table presents the future minimum lease payments under non-cancellable leases (including short-term leases) as at June 30, 2024:

		June 30, 2024
Less than one year	$	23,013
One to five years		64,971
More than five years		45,665
	$	133,649

For the three and six months ended June 30, 2024, the total cash outflow for recognized lease obligations (including interest) was $4.2 million and $9.0 million (2023 - $5.0 million and $18.7 million) respectively, of which $3.0 million and $6.8 million (2023 - $4.1 million and $17.1 million) respectively, was included as part of cash outflows used in financing activities. The decrease in cash outflow is largely due to the termination of a lease in 2023.

(e) Sale and leaseback:

During the six months ended July 2, 2023, the Company entered into an agreement to sell and leaseback one of its distribution centres located in the U.S. The proceeds of disposition of $51.0 million, which represent the fair value of the distribution centre, were recognized in the condensed interim consolidated statement of cash flows as proceeds from sale and leaseback and other disposals of property, plant and equipment within investing activities. The Company recognized a right-of-use asset of $3.9 million and a lease obligation of $15.5 million at inception. In addition, a pre-tax gain on sale of $25.0 million ($15.5 million after tax) was recognized in the condensed interim consolidated statements of earnings and comprehensive income in gain on sale and leaseback.

8. OTHER INFORMATION (continued):

(f) Costs relating to proxy contest and leadership changes and related matters

During the three and six months ended June 30, 2024, the Company recognized costs relating to the recent proxy contest and leadership changes and related matters in SG&A expenses of $57.2 million and $76.8 million (2023 - nil and nil), respectively, consisting of the following:

- Advisory fees on shareholder matters of $18.0 million and $33.3 million, respectively;
- Severance and other termination benefits of $21.6 million in the second quarter to outgoing executives (Mr. Tyra and Mr. Bajaj) following the conclusion of the proxy contest in May 2024 which includes an expense of $12.3 million resulting from the accelerated vesting of RSU awards;
- Compensation expenses relating to Mr. Chamandy's termination and subsequent reinstatement as President and Chief Executive Officer of $7.8 million in the second quarter ($8.9 million year-to-date). The expense includes $1.7 million in the second quarter for back pay and accruals for short-term incentive plan benefits, as well as $15.9 million in the second quarter ($17.0 million year-to-date) in stock-based compensation expense adjustments for reinstated share-based awards (for which a reversal of compensation expense of approximately $6 million was recorded in the fourth quarter of fiscal 2023), partially offset by the reversal of $9.8 million in the second quarter of 2024 in severance benefits which had been accrued in the fourth quarter of 2023;
- Incremental costs relating to the previous Board and refreshed Board of $7.4 million in the second quarter. These charges include $4.8 million for a Directors and Officers run-off insurance policy, $0.4 million for special board meeting fee payments, and $2.2 million for the increase in value of the deferred share units (DSU) liability;
- Stock-based compensation relating to special retention awards of $1.9 million in the second quarter ($2.6 million year-to-date). At the grant date, these special retention awards had a total fair value of $8.6 million. The stock-based compensation expense relating to these awards is being recognized over the respective vesting periods, with most of the awards originally vesting at the end of 2024. In connection with the departure of Mr. Bajaj, $2.5 million of these awards were fully paid out in cash to him during the second quarter of 2024; and
- Advisory, legal and other expenses of $0.5 million in the second quarter ($3.0 million year-to-date) with respect to the announced review process initiated by the previous Board following receipt of a confidential non-binding expression of interest to acquire the Company.

(g) Net insurance gains

During the second quarter of fiscal 2023, the Company finalized an agreement with the insurer to close its insurance claims related to the two hurricanes which occurred in Central America in November 2020, and received a final insurance claims payment of $74.0 million, relating to the business interruption portion of its claims. This payment resulted in the recognition of a corresponding gain in the Company's consolidated statement of earnings and comprehensive income Net insurance gains.

(h) Government assistance:

For the three and six months ended June 30, 2024 the Company recognized $4.6 million and $8.8 million (2023 - $4.5 million and $9.9 million), respectively, in cost of sales in the condensed interim consolidated statement of earnings and comprehensive income relating to government assistance for production costs.

During the three months ended June 30, 2024, the Government of Barbados enacted a jobs credit, in order to foster economic activity and employment in Barbados. The Company recognized $17.2 million (2023 - nil) for this jobs credit, as a reduction of SG&A expenses in the condensed interim consolidated statement of earnings and comprehensive income, which was applied as a reduction to income taxes payable. The jobs credit is effective retroactively to January 1, 2024.

8. OTHER INFORMATION (continued):

(i) Share repurchases:

On June 20, 2024, Canada's Bill C-59 was enacted into law, which, among other things, introduced a 2% tax on the annual net value of share repurchases by public corporations in Canada occurring on or after January 1, 2024. The Company is subject to this tax and based on the shares repurchased for cancellation under the Company's normal course issuer bid (NCIB) program during the six months ended June 30, 2024. The tax expense for the first half of fiscal 2024 was $3.3 million and has been recorded as a charge to equity. This amount is included accounts payable and accrued liabilities in the statement of financial position as at June 30, 2024, as the amount is only payable in 2025.

(j) Stock-based compensation:

Changes in non-Treasury restricted share units (RSUs) during the first half of fiscal 2024:

	Number		Weighted average fair value per unit
Non-Treasury RSUs outstanding, December 31, 2023	**1,516**	**$**	**33.26**
Changes in outstanding non-Treasury RSUs:			
Granted(1)	**571**		**37.32**
Additional units for vested performance conditions	**486**		**30.73**
Granted for dividends declared	**10**		**35.74**
Settled - common shares	**(383)**		**30.49**
Settled - payment of withholding taxes	**(225)**		**30.49**
Forfeited	**(24)**		**34.27**
Settled in cash for outgoing executives	**(82)**		**35.10**
Reinstated awards for President & CEO	**439**		**37.92**
Non-Treasury RSUs outstanding, June 30, 2024	**2,308**	**$**	**35.28**

(1) Includes 296 RSUs granted to three executive officers of the Company, under the Company's annual long-term incentive program (LTIP) and for special retention awards. In addition, on June 28, 2024, the Board of Directors approved a share-based award for Mr. Chamandy under the Company's annual LTIP program, with a total grant date fair value of $8.7 million, for which the number of RSUs has not been established due to the Company being in a trading blackout at the time of the grant approval (the number of RSUs to be granted is expected to be established based on the Company's closing share price on August 2, 2024) and therefore do not appear in the above table.

The compensation cost related to the Company's share-based awards included in operating income for the three and six months ended June 30, 2024 was an expense of $37.0 million and $43.2 million respectively (2023 - $8.1 million and $16.1 million respectively), which primarily relates to non-Treasury RSUs awarded annually to eligible employees under the Company's long-term incentive program. The increase in the expense compared to last year is mainly due to the accelerated vesting of non-Treasury RSU awards for outgoing executives Mr. Tyra and Mr. Bajaj (which impacted the expense for the three and six months ended June 30, 2024 by $12.3 million as described in notes 8(c) and 8(f) to these financial statements), and the impact of Mr. Chamandy's termination and subsequent reinstatement as President and Chief Executive Officer which included the reinstatement of share-based awards which had been canceled by the previous Board of Directors in the fourth quarter of 2023 (resulting in a past service expense of $15.9 million and $17.0 million for the three and six months ended June 30, 2024 as described in note 8(f) to these financial statements). The accelerated expense for the two outgoing executives includes amounts relating to share-based awards with a total value of approximately $12 million, which were approved during the first quarter of fiscal 2024 but for which the number of RSUs had not been established due to the Company being in a trading blackout. These awards were fully paid out in the second quarter of fiscal 2024 to the outgoing executives at the approved value, before the number of RSUs relating thereto was established, and therefore do not appear in the RSU table above.

9. FAIR VALUE MEASUREMENT:

Financial instruments – carrying amounts and fair values:

The carrying amounts and fair values of financial assets and liabilities included in the unaudited condensed interim consolidated statements of financial position are as follows:

		June 30, 2024		December 31, 2023
Financial assets				
Amortized cost:				
Cash and cash equivalents	**$**	**90,277**	$	89,642
Trade accounts receivable		**599,040**		412,498
Financial assets included in prepaid expenses, deposits and other current assets		**39,263**		45,136
Long-term non-trade receivables included in other non-current assets		**27,822**		12,863
Fair value through other comprehensive income:				
Derivative financial assets included in prepaid expenses, deposits and other current assets		**12,259**		15,797
Financial liabilities				
Amortized cost:				
Accounts payable and accrued liabilities(1)	**$**	**461,480**	$	403,534
Long-term debt - bearing interest at variable rates		**1,119,000**		885,000
Long-term debt - bearing interest at fixed rates(2)		**100,000**		100,000
Fair value through other comprehensive income:				
Derivative financial liabilities included in accounts payable and accrued liabilities		**2,275**		4,760

(1) Accounts payable and accrued liabilities include $14.8 million (December 31, 2023 - $12.5 million) under supply-chain financing arrangements (reverse factoring) with a financial institution, whereby receivables due from the Company to certain suppliers can be collected by the suppliers from a financial institution before their original due date. These balances are classified as accounts payable and accrued liabilities and the related payments as cash flows from operating activities, given the principal business purpose of the arrangement is to provide funding to the supplier and not the Company, the arrangement does not significantly extend the payment terms beyond the normal terms agreed with other suppliers, and no additional deferral or special guarantees to secure the payments are included in the arrangement. Accounts payable and accrued liabilities also include balances payable of $68.1 million (December 31, 2023 - $49.0 million) resulting mainly from a one-week timing difference between the collection of sold receivables and the weekly remittance to the bank counterparty under the receivables purchase agreement that is disclosed in note 4 to these condensed interim consolidated financial statements.

(2) The fair value of the long-term debt bearing interest at fixed rates was $97.6 million as at June 30, 2024 (December 31, 2023 - $98.6 million).

9. FAIR VALUE MEASUREMENT (continued):

Short-term financial assets and liabilities

The Company has determined that the fair value of its short-term financial assets and liabilities approximates their respective carrying amounts as at the reporting dates due to the short-term maturities of these instruments, as they bear variable interest-rates, or because the terms and conditions are comparable to current market terms and conditions for similar items.

Non-current assets and long-term debt bearing interest at variable rates

The fair values of the long-term non-trade receivables included in other non-current assets and the Company's long-term debt bearing interest at variable rates also approximate their respective carrying amounts because the interest rates applied to measure their carrying amounts approximate current market interest rates.

Long-term debt bearing interest at fixed rates

The fair value of the long-term debt bearing interest at fixed rates is determined using the discounted future cash flows method and at discount rates based on yield to maturities for similar issuances. The fair value of the long-term debt bearing interest at fixed rates was measured using Level 2 inputs in the fair value hierarchy. In determining the fair value of the long-term debt bearing interest at fixed rates, the Company takes into account its own credit risk and the credit risk of the counterparties.

Derivatives

Derivative financial instruments are designated as effective hedging instruments and consist of foreign exchange and commodity forward, option, and swap contracts, as well as floating-to-fixed interest rate swaps to fix the variable interest rates on a designated portion of borrowings under the term loan and unsecured notes. The fair value of the forward contracts is measured using a generally accepted valuation technique which is the discounted value of the difference between the contract's value at maturity based on the rate set out in the contract and the contract's value at maturity based on the rate that the counterparty would use if it were to renegotiate the same contract terms at the measurement date under current conditions. The fair value of the option contracts is measured using option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs, including volatility estimates and option adjusted credit spreads. The fair value of the interest rate swaps is determined based on market data, by measuring the difference between the fixed contracted rate and the forward curve for the applicable floating interest rates.

Derivative financial instruments were measured using Level 2 inputs in the fair value hierarchy. In determining the fair value of derivative financial instruments the Company takes into account its own credit risk and the credit risk of the counterparties.

10. OTHER COMPREHENSIVE INCOME (LOSS) ("OCI"):

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Net gain (loss) on derivatives designated as cash flow hedges:				
Foreign currency risk	**$ 1,519**	$ (831)	**$ 1,517**	$ (3,009)
Commodity price risk	**(9,398)**	3,706	**(2,781)**	8,931
Interest rate risk	**1,055**	4,372	**3,967**	1,609
Income taxes	**(15)**	8	**(15)**	30
Amounts reclassified from OCI to inventory, related to commodity price risk	**(3,852)**	(4,579)	**(7,073)**	(1,731)
Amounts reclassified from OCI to net earnings, related to foreign currency risk, commodity price risk, and interest rate risk, and included in:				
Net sales	**(114)**	653	**38**	1,193
Cost of sales	**—**	(33)	**—**	(88)
Selling, general and administrative expenses	**100**	325	**(29)**	1,095
Financial expenses, net	**(2,179)**	(2,072)	**(3,947)**	(1,149)
Income taxes	**2**	(12)	**(6)**	(34)
Other comprehensive income (loss)	**$ (12,882)**	$ 1,537	**$ (8,329)**	$ 6,847

As at June 30, 2024, accumulated other comprehensive income of $5.3 million consisted of net deferred gains on interest rate swap contracts of $9.4 million, and net deferred gains on forward foreign exchange contracts of $1.0 million and net deferred losses on commodity forward, option, and swap contracts of $5.1 million. Approximately $2.7 million of net gains presented in accumulated other comprehensive income are expected to be reclassified to inventory or net earnings within the next twelve months.

11. EARNINGS PER SHARE:

Reconciliation between basic and diluted earnings per share is as follows:

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Net earnings - basic and diluted	**$ 58,406**	$ 155,288	**$ 137,073**	$ 252,905
Basic earnings per share:				
Basic weighted average number of common shares outstanding	**168,005**	177,624	**168,437**	178,584
Basic earnings per share	**$ 0.35**	$ 0.87	**$ 0.81**	$ 1.42
Diluted earnings per share:				
Basic weighted average number of common shares outstanding	**168,005**	177,624	**168,437**	178,584
Plus dilutive impact of stock options, Treasury RSUs and common shares held in trust	**134**	278	**122**	289
Diluted weighted average number of common shares outstanding	**168,139**	177,902	**168,559**	178,873
Diluted earnings per share	**$ 0.35**	$ 0.87	**$ 0.81**	$ 1.41

Excluded from the above calculation for the three months ended June 30, 2024 are nil stock options (2023 - 1,132,737) and nil Treasury RSUs (2023 - nil) which were deemed to be anti-dilutive. Excluded from the above calculation for the six months ended June 30, 2024 are nil stock options (2023 - 1,132,737) and nil treasury RSUs (2023 - nil) which were deemed to be anti-dilutive.

12. SUPPLEMENTAL CASH FLOW DISCLOSURE:

(a) Adjustments to reconcile net earnings to cash flows from (used in) operating activities - other items:

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Unrealized net gain on foreign exchange and financial derivatives	**$ (75)**	$ (451)	**$ (504)**	$ (551)
Timing differences between settlement of financial derivatives and transfer of deferred gains or losses in accumulated OCI to inventory and net earnings	**(6,607)**	4,232	**(5,762)**	10,049
Other non-current assets	**(5,570)**	198	**(4,800)**	(6,443)
Other non-current liabilities	**602**	7,355	**(1,349)**	3,890
	$ (11,650)	$ 11,334	**$ (12,415)**	$ 6,945

12. SUPPLEMENTAL CASH FLOW DISCLOSURE (continued):

(b) Variations in non-cash transactions:

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Dividends payable	**$ (34,546)**	$ (33,566)	**$ —**	$ —
Shares repurchased for cancellation included in accounts payable and accrued liabilities	**5,681**	2,567	**(4,270)**	2,567
Net additions to property, plant and equipment and intangible assets included in accounts payable and accrued liabilities	**1,597**	(703)	**1,590**	(7,874)
Proceeds on disposal of property, plant and equipment and computer software included in other current assets	**(53)**	(313)	**(106)**	(313)
Additions to right-of-use assets included in lease obligations	**16,318**	138	**16,525**	4,323
Amounts payable relating to taxes on share repurchases	**3,383**	—	**3,383**	—
Non-cash ascribed value credited to share capital from shares issued or distributed pursuant to vesting of restricted share units and exercise of stock options	**143**	96	**10,430**	15,275
Reclass from accounts payable and accrued liabilities to contributed surplus pursuant to change in settlement of restricted share units	**(13,504)**	—	**—**	—
Amounts payable relating to non-Treasury RSUs to be settled in cash	**1,295**	—	**2,384**	—
Deferred compensation credited to contributed surplus	**837**	—	**1,333**	(2,075)
Non-cash ascribed value credited to contributed surplus for dividends attributed to restricted share units	**410**	868	**410**	868

(c) Changes in non-cash working capital balances:

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Trade accounts receivable	**$ (87,712)**	$ (125,323)	**$ (188,350)**	$ (274,630)
Income taxes	**20,340**	(8,904)	**19,121**	(8,633)
Inventories	**26,140**	88,313	**(18,965)**	2,886
Prepaid expenses, deposits and other current assets	**18,852**	2,889	**17,397**	(901)
Accounts payable and accrued liabilities	**48,412**	8,613	**54,940**	(43,723)
	$ 26,032	$ (34,412)	**$ (115,857)**	$ (325,001)

13. CONTINGENT LIABILITIES:

Claims and litigation

The Company is a party to claims and litigation arising in the normal course of operations. The Company does not expect the resolution of these matters to have a material adverse effect on the financial position or results of operations of the Company.

14. DISAGGREGATION OF REVENUE:

Net sales by major product group were as follows:

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Activewear	**$ 736,549**	$ 691,758	**$ 1,328,635**	$ 1,279,558
Hosiery and underwear	**125,619**	148,680	**229,329**	263,743
	$ 862,168	$ 840,438	**$ 1,557,964**	$ 1,543,301

Net sales were derived from customers located in the following geographic areas:

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
United States	**$ 763,725**	$ 745,907	**$ 1,381,710**	$ 1,370,963
Canada	**27,501**	28,110	**52,827**	53,781
International	**70,942**	66,421	**123,427**	118,557
	$ 862,168	$ 840,438	**$ 1,557,964**	$ 1,543,301

15. INCOME TAXES:

	Three months ended		Six months ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Income tax expense:				
Tax expense excluding impact of Global Minimum Tax ("GMT") and other items below	**$7,477**	$5,643	**$11,181**	$9,597
Q1 2024 retroactive impact of GMT(1)	**15,510**	—	**15,510**	—
Q2 2024 impact of GMT(1)	**23,540**	—	**23,540**	—
Impact of Barbados tax rate changes on the revaluation of deferred income tax assets and liabilities	**11,510**	—	**11,510**	—
Tax charge on 2023 gain on sale and leaseback of distribution facility and insurance gains	**—**	1,033	**—**	10,503
Tax charge relating to sublease gain included in restructuring and acquisition related (recovery) costs	**500**	—	**500**	—
Total income tax expense	**$58,537**	$6,676	**$62,241**	$20,100
Earnings before income taxes	**$116,943**	$161,964	**$199,314**	$273,005
Average effective income tax rate	**50.1 %**	**4.1 %**	**31.2 %**	**7.4 %**

(1) Before the impact of the Barbados tax rate changes on the revaluation of deferred income tax assets and liabilities, the impact of GMT including related legislation enacted by the Barbados government was $39.1 million for the three and six months ended June 30, 2024 and includes $22.8 million relating to the impact of the increase in the Barbados corporate tax rate on 2024 earnings, and $16.3 million related to the top-up tax on the Company's earnings in Barbados.

The increase in the income tax expense and effective tax rate for the three and six months ended June 30, 2024, compared to the same period last year, is mainly due to the implementation of Global Minimum Tax and related initiatives in Canada and Barbados, more specifically as follows:

– During the second quarter of fiscal 2024, the Government of Barbados increased the corporate tax rate applicable to the Company from a sliding scale of 5.5% to 1% to a flat rate of 9%, effective January 1, 2024. For the six months ended June 30, 2024, the Company recognized an income tax expense of $22.8 million related to the impact of the Barbados corporate tax rate increase on the Company's earnings in Barbados, and a deferred income tax expense of $11.5 million related to the impact of the tax rate increase on the remeasurement of deferred tax assets and liabilities in Barbados.
– During the second quarter of fiscal 2024, the Company became subject to the OECD's Pillar Two global minimum tax regime, effective January 1, 2024, as a result of the enactment of the Global Minimum Tax Act in Canada. For the six months ended June 30, 2024, the Company recognized a current tax expense of $16.3 million related to the top-up tax on the Company's earnings in Barbados, resulting in an effective tax rate of 15% in Barbados. The top-up tax is levied on the Company's subsidiaries in Barbados under Barbados' domestic top-up tax legislation.

The Company previously disclosed in its 2023 Annual Financial Statements that if Pillar Two legislation would have applied in 2023, the Company's average effective tax rate would have been approximately 18% in 2023. However, for the first half of fiscal 2024, the Company's effective tax rate was 31.2%, significantly higher than the proforma 2023 effective rate of 18%, due mainly to the impact of $76.8 million of charges incurred in Canada relating to the proxy contest, leadership changes and other matters, which are not expected to result in any tax benefit in Canada. These charges and the lack of tax benefit thereon increased the effective tax rate by 900 basis points. In addition, the $11.5 million deferred income tax charge (relating to the remeasurement of deferred tax assets and liabilities) and the $0.5 million tax expense relating to the sublease gain also increased the effective tax rate for the first half of fiscal 2024.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Glenn J. Chamandy, President and Chief Executive Officer of Gildan Activewear Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Gildan Activewear Inc.** (the “issuer”) for the interim period ended **June 30, 2024**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings:

   A. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      I. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      II. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   B. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

5.1 ***Control framework:*** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the framework set forth in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR - material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on **April 1, 2024** and ended on **June 30, 2024** that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: **August 1, 2024**

(s) Glenn J. Chamandy
Glenn J. Chamandy
President and Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Rhodri J. Harries, Executive Vice President, Chief Financial and Administrative Officer of Gildan Activewear Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of **Gildan Activewear Inc.** (the "issuer") for the interim period ended **June 30, 2024**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings:

A. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:
   - I. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
   - II. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

B. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the framework set forth in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR - material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on **April 1, 2024** and ended on **June 30, 2024** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **August 1, 2024**

(s) Rhodri J. Harries
Rhodri J. Harries
Executive Vice President, Chief Financial and Administrative Officer